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Official Changes at U. S. National Bank Of Portland, Oregon

At the regular March meeting of the Board of Directors of the United States National Bank of Portland, Ore., several important shifts among top-flight officials were announced. Mr. Paul S. Dick, who has been president since 1931, was elevated to the position of chairman of the board. Mr. E. C. Sammons, a prominent Portland manufacturer and member of the bank's board of directors, was elected president. Mr. A. M. Wright, first vice-president, tendered his resignation and Mr. A. L. Mills, Jr., was elected to fill the position vacated by Mr. Wright. All changes were made effective at once.

Paul S. Dick

E. C. Sammons

Index of Regular Features on page 1516.

Inflation or Deflation In France?

By DONALD L. KEMMERER

Assistant Professor of Economics, University of Illinois

Dr. Kemmerer Recounts the Progress of Inflation in France During the German Occupation Caused by Increase in Currency and Decrease in Goods. Maintains That the "Flag Money" Issued to Our Troops Did Little Economic Damage. Explains Soldiers' "Black Market" Operations. Concludes France Was Wise in Not Following the Belgium Plan of Deflation by Calling in and Converting Currency and That the Issuance of the Liberation Loan to Sop Up Money Was, From a Political Standpoint, a Better Policy. Holds That Further Deflation in France Is Unlikely and the Chances of Controlling Inflation Are Improved.

The Questions Summarized

For the past generation the price level in France has been very unstable. Wholesale prices sextupled during and immediately after World War I to 1920, then this high level was halved in the next two years, doubled again in the next four, remained moderately stable for about four years, halved again in the next six years, doubled once more in the next four, and, according to two calculations based on black market prices, increased six to twenty-fold since World War II began.[1] A mere recital of what happened makes the casual reader or onlooker somewhat dizzy; how much more must Jean Francois, the French man-on-the-street have been puzzled by it all. Nor is the present picture less confusing. Now Jean Francois sees official prices far below inflated black market prices, but he knows that most of the goods he wants

Donald L. Kemmerer

(Continued on page 1498)

Great Britain's Post-War Problems

By ROBERT BOOTHBY, M. P.*

British Statesman Lays Causes of Britain's Difficult Economic Position to (1) Sharp Decline in Her Chief Export Items and (2) Failure to Maintain Her Fair Share of World Trade. Holds Major Post-War Problems are (1) the Importation of Sufficient Food and Raw Materials to Maintain High Production, and (2) the Elimination of the Sterling Blocked Balances. Contends Problems Not Solved by Creating an Export Surplus, but by Britain Changing Her National Economy and Producing High Grade Export Products. Predicts Permanent Economic Controls and Resort to Reciprocal and Bilateral Agreements and Urges U. S. Cooperate, Not by Granting Loans to British, but by Tariff Reduction and by Investment in Nations Serving as Markets for British Goods.

Before the outbreak of the first World War Great Britain had an annual export surplus, available for overseas investment, of approximately £200 million. Between the two world wars she had an average annual deficit in her balance of payments of between £40 million

Robert Boothby, M.P.

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*Mr. Boothby was educated at Eton and Magdalen College, Oxford. He was elected to Parliament in 1924 as a member of the Conservative Party for the Eastern Division of Aberdeen and Kincardinshire and served as Parliamentary Private Secretary to Winston Churchill, when the latter was Chancellor of the Exchequer. In 1940-41 he was Parliamentary Secretary to the Ministry of Food. In 1941-43 he served in the RAF and is now in the United States on a lecture tour.

(Continued on page 1512)

Essentials of Foreign Policy

By HON. J. W. FULBRIGHT*

United States Senator from Arkansas

Holding That Our Foreign Policy Is Not Entrusted Exclusively to the State Department, but to Congress as Well, Senator Fulbright Holds That the People's Representatives Can Evaluate Better Their True Desires Than the Traditional Diplomat. Urges a Clarification of Our Foreign Policy and a Willingness to Give Up Some of Our Cherished Prejudices to Promote a Lasting Peace. Warns Political Stability Is Not Possible Without Economic Stability, and, in Order to Establish an Effective International Organization We Must Abandon the Old Concept of Independent Sovereignty. Urges Public Be Kept Advised on European Affairs

Myths are one of the greatest obstacles in the formulation of national policy. A myth of some plausibility is being currently revived at the expense of this Senate. The Senate is being held solely responsible for the failure of the United States to join the League of Nations. This myth is a half-truth, and a very dangerous half-truth. At home it is being used to disparage our system of government. Abroad it is being used to explain any hesitation we may show in joining a system of world security. The Senate of the United States, it is said, cannot be relied upon. As I see it, the responsibility for the rejection of the League of Nations does not belong solely to this Senate. The American

J. W. Fulbright

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*An address by Senator Fulbright in the Senate, Mar. 28, 1945.

(Continued on page 1508)

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The Bretton Woods Marriage Proposal

By JOHN CLIFFORD FOLGER*

President, Investment Bankers Association

Asserting That a Financial Commitment, Like Marriages, Should Not Be Entered Upon in Haste, Mr. Folger Attacks the "Take It or Leave It" Attitude of the Bretton Woods Proposals. Holds There Is a Middle Ground, and Deplores the Fact That "Technicians" and Not Bankers Formulated the Plan. Says Bankers Are Not Out to Sabotage the Proposals, and That Because of the Global Scope of the Program Congress Should Consider It for the Good of All. Maintains That Automatic Loans Will Benefit Other Countries at Our Expense.

John Clifford Folger

American dollars are going abroad as never before. The fact that we have become and are likely to remain the principal creditor nation of the world makes it important that we give the subject of international finance our most considered and mature thought. The Bretton Woods plan brings this subject to the fore.

Long and somtimes bitter experience has taught business men that the time to look at a financial commitment is before and not after it is made. To act in haste and repent at leisure applies to credit as well as marriage. Flourishing trade and happy marriages are laudable goals desired by all. However, we are admonished not to approach those goals hurriedly or ill-advisedly. Business men should not be attacked for looking at the weak as well as the strong points of the Bretton Woods Conference. It is their duty to examine the proposal critically and to speak candidly.

The "take it or leave it" basis upon which the Bretton Woods plan is being presented to the Congress leaves no room for the consideration which should be given to business arrangements of this kind. The plan is not a treaty where the good faith of this country and its negotiators is involved. Neither is it something too deep for the average citizen to understand.

Debate may gain in heat and

(Continued on page 1497)

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*An address by Mr. Folger before the New England Group, Investment Bankers Association, at Boston, March 27, 1945.

Ira Haupt Boston Br. Under Morton & Carr

Ira Haupt & Co., 111 Broadway, New York City, members, New York Stock Exchange, announce the opening of a branch office at 10 Post Office Square, Boston, Mass., under the supervision of Philip H. Morton, resident manager, and John F. Carr, assistant manager.

Mr. Morton was formerly with R. W. Pressprich & Co. and prior thereto conducted his own investment business under the name of Philip H. Morton Co. Mr. Carr was with Hooper-Kimball, Inc., and in the past with G. M.-P. Murphy & Co.

The Reserves of the Federal Reserve Banks

By L. J. PRITCHARD

Professor of Finance, University of Kansas

Economist Analyzes the Problem of Adjusting Reserve Ratios of the Federal Reserve Banks to Meet the Heavy Increase in Federal Reserve Notes and Currency Circulation. Points Out That of the Two Methods Proposed viz: (1) the Reduction of the Reserve Requirements and (2) the Issue of Federal Reserve Bank Notes, Based on Pledged Government Bonds, and Permitting These Bank Notes to be Counted as Bank Assets, the Latter Can More Readily Meet the Problem of Maintaining Cash Reserves in the Face of Expanding Deposits. Sees in It a Wedge for Further Inflation, but Holds It Would Ease the Burden of the National Debt and Permit Further Deficit Financing.

L. J. Pritchard

Considerable consternation has been in evidence in recent financial writings over the persistent decline in the ratio of total reserves to deposits and Federal Reserve note liabilities of the Reserve banks. The law requires that every Federal Reserve bank maintain reserves in the form of gold certificates, or lawful money, of not less than 35% against deposits; and reserves in gold certificates of not less than 40% against Federal Reserve notes in actual circulation.

The average ratio against both notes and deposits for all twelve Reserve banks stood at 49.1% as of Feb. 7, 1945. This compares to a figure of 83.1% as of Oct. 21, 1942, the beginning of the present decline. It is estimated that if present trends continue the reserve ratio will reach a dangerously low level during the third quarter of this year. The lowest point ever reached by the system was on May 14, 1920 when the combined ratio stood at 42.2%. Since it is necessary that the Reserve banks maintain excess reserves at all times if they are to fulfill their central bank functions, this ratio was considered by many to be at or near the "cracking-point" of the system.

This persistent decline in the excess reserves of the Reserve banks is due to: (1) a decline in total legal reserves, and (2) to an increase in the volume of required reserves. The loss of reserves is attributable to the decrease in the volume of gold certificates held by the Reserve banks (or by the Treasury for the banks). Retirement of these gold certificates was made necessary by the decrease in our monetary gold stocks. From a high of ap-

(Continued on page 1496)

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Discipline By the SEC

By HAROLD AMES

In Kidder, Peabody Case, the Seemingly Light Penalty Can Be Severe if Alleged Offender Has Large Current Commitments. Injustice of It Lies in Commission Releasing Decision to Press Before Informing Counsel in Case. Legislative Action Is Needed to Restrain the Ill-Advised "Ballyhoo" of SEC.

The release of the Securities and Exchange Commission has just come down containing its order and findings in the disciplinary proceedings of Kidder, Peabody & Co.

The proceedings resulted from the following facts. About September, 1942, Kidder, Peabody & Co. purchased $963,000 of 4% bonds of the Jamestown, Franklin & Clearfield Railroad, a subsidiary of the New York Central, which bonds were then selling at 49¾. The purchase was made from a life insurance company at 49 and the bonds were then reoffered to the public.

After an audit, investigation and hearings extending over many months, the Commission finally found that the employees of Kidder, Peabody & Co. rigged the market in wilful violation of the Securities and Exchange Act in connection with the secondary distribution of the above bonds.

The Commission ordered the firm suspended from the National Association of Securities Dealers for a period of ten days and further ordered the suspension of one of its members for ten days from the New York Stock Exchange.

In commenting upon the action of the Commission, the firm said it involved a highly technical interpretation of the stabilizing provisions of the Securities and Exchange Act of 1934, on which there might well be a difference of opinion, but with respect to which the firm believed that it had acted correctly and in absolute good faith.

Kidder, Peabody & Co. claims that the Commission had heretofore never issued detailed regulations on this type of offering; that it purchased the bonds at 49 and reoffered them to the public at a fixed price of 50¼ less 1 point to dealers. The bonds are now selling at 94.

According to the release each suspension begins on April 17, and runs for ten days.

This penalty which on the face may seem light, can in fact, be a rather severe one if the alleged offender has current commitments of any size.

If such commitments exist, the immediate operation of the penalty would cause substantial financial loss, and we would not be surprised to see an application made to be relieved of the penalty, reduce it, or have it commence running at a more propitious time.

Not having read the evidence, we venture no opinion on the Commission's finding that there was a violation of the Securities Act.

However, we do wish to comment on the timing of the Commission's release. We are reliably informed that Kidder, Peabody & Co. first learned of the decision through the public press. This, we believe to be an injustice. We are of the opinion that the decision in any case tried by the Commission, should first be given to counsel before there is any public press release.

This is not the first time that the Commission's timing is bad, for it has taken similar action in connection with other hearings that have been held before it.

Many a man, ultimately found innocent, has been irreparably damaged by adverse publicity issued by an administrative body during the course of proceedings which were initiated against him.

For such damaging releases there seems to be no redress. It is, therefore, important that in the first instance these be curbed.

Some legislative action is sorely needed to restrain this ill-advised ballyhoo, which should be completely avoided.

Where there is a finding of guilt an opportunity should always be afforded to present the accused's side to the public at the same time that the release of the administrative board is made available.

Counsel for the accused should get the decision in the first instance.

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Bretton Woods Marks Time

By HERBERT M. BRATTER

Financial Writer Calls Attention to the Eagerness of the Administration to Push Through Congress the Bretton Woods Agreements, and the Causes Which Have Led to Delays. Points to Diversity of British and American Interpretations of the Provisions in the International Monetary Plan, as Well as to the Conflicting Testimony of Bankers and Administration Spokesmen as Disturbing Factors.

Herbert M. Bratter

Like an unseasonable wind-and-rain storm that in its wake leaves the ground strewn with broken branches, the turmoil over Bretton Woods has swept across Washington and, for the present, disappeared somewhere over the horizon. The events which gave rise to the temporary torrent of news from the capitol, and editorial and commentator voice-raising across the country, centered in the House Banking and Currency Committee hearings on the Spence bill, HR2211, designed to implement the "final act" of the Bretton Woods Conference. So far as is known, the United States is the first country to make this attempt, and all the other governments concerned

(Continued on page 1507)

Coming Adjustments In Our Foreign Trade

By HON. JAMES A. FARLEY*

Chairman of the Board, The Coca-Cola Export Corporation

Mr. Farley, After Pointing Out the Need for New York's Port Improvement, Stresses the Importance of Expanding Both Our Exports and Imports. Says This Makes It Necessary to Reconsider Our Tariff Policy, and to Make Possible, by Larger Imports, Payment Both for Our Exports and for Our Loans Made Abroad. Cautions Against Granting Unsound Credits as Occurred After World War I, and Recommends That Tariff Readjustments Be Made Gradually. Says a Prosperous America Can Only Be Assured by a Prosperous World, and Greatest Benefits Can Come from Aiding Countries That Are Our Natural Competitors.

James A. Farley

It is highly fitting that this discussion of foreign trade and shipping is being held in the City of New York. Occasionally the great role of the Port of New York is obscured by more glamorous aspects of the city as a center of finance, of art and of entertainment. And yet, this great mountain, made by the hands of man, rests essentially upon its trade, its foreign and coast-wise shipping and all the attendant services and industries which are dependent on trade.

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It will be upon the margin

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*An address by Mr. Farley before the Foreign Commerce Club at their Annual Port of New York Night Banquet, Hotel Astor, New York City, March 20, 1945.

(Continued on page 1494)

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Bowles Makes Recommendations For Price Controls

Senate Banking Committee Turns Against His Proposal to Extend Price Controls to Trade Rents, Amusements, and Barber and Beauty Shops. Takes No Action on Curbs on Real Estate Prices. Emergency Court of Appeals Rules Against Ceilings on Slaughterers of Fresh Beef, but Upholds Processing Packers' Ceilings.

Ignoring the recommendations made by Chester Bowles, Price Administrator, in his statement submitted to the Senate Banking and Currency Committee on March 21, the Committee, in drafting a bill for the extension of price controls refused to insert in the scope of the measure trade rents, amusement industries, and barber and beauty shops. The Committee agreed to extend the Price Control Law practically without change for a period of a year beginning June 30.

Chester Bowles

In view of the controversy over meat price ceilings and meat-packer profits, in which Mr. Bowles, in his statement, strongly contended that under existing price regulations this industry has had a phenomenal earning record, it should be noted that the Emergency Court of Appeals in Washington on March 29 rendered a decision invalidating the price ceilings fixed for slaughterers of fresh beef on the ground that the wholesalers in this product cannot make a profit under the price restrictions. The court, however, upheld the price ceilings fixed for processing packers.

In his statement outlining the policies and proposals of the Office of Price Administration, Mr. Bowles maintained that "the record is clear that the OPA has carried out the Congressional mandate in letter and spirit." He answered a number of criticisms which had been made by witnesses before the Committee, particularly the claim that pricing standards should be fixed with reference to profit margins on an individual transaction basis rather than an industrywide basis as at present applied. Suggestions for changes in the OPA formulas along these lines came from Philip Murray of the CIO and S. Clay Williams of the Reynolds Tobacco Company.

To these suggestions, Mr. Bowles replied in his statement by saying:

"It cannot be too often repeated, however, that the surest formula for inflation would be a requirement of industrywide price increases to assure, on an industrywide basis, a profit on each individual product. Mr. Williams' formula of individual-firm adjustments to provide peacetime profits for each of the 3,000,000 business firms in the country actually would be less inflationary, although even more obviously impossible to administer.

"Both suggestions would result in a price structure having no re-

(Continued on page 1505)

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Fletcher Gill Heads War Finance Division

Fletcher L. Gill, vice-president of the Bank of the Manhattan Co., 40 Wall Street, has been named director of the Banking and Investment Division of the New York County War Finance Committee. A native of Boston and a graduate of Williams College, Mr. Gill was a lieutenant in the Coast Artillery in World War I. He opened the New York office of the First Boston Corp. and in 1921 was one of the organizers of the International Acceptance Bank becoming a Vice-President in 1932. Upon the merger of this bank with the Bank of the Manhattan Company in 1932, he was made a Vice-President of the latter institution.

Fletcher L. Gill

The Banking and Investment Division of the WFC has its headquarters at 33 Liberty St., New York City.

Frederick W. Gehle is State Chairman.

Ohio Water Service Common Stock Offered

Otis & Co., Inc. and associates on April 3 offered 80,880 shares of common stock of Ohio Water Service Co. at $15.25 per share. This stock constitutes approximately two-thirds of the amount outstanding and is being purchased from Federal Water & Gas Corp., which had been directed by the Securities and Exchange Commission to divest itself of its investment in Ohio Water Service Co.

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San Francisco Stock Exchange Gives Luncheon to Civic Leaders

Leland M. Kaiser, Chairman of the Public Relations Committee, Stresses the Need of Better Relations With the Community and Informing the Public of Part Exchange Plays in City's Economy. G. Willard Miller, the Chairman of the Board, and Ronald E. Kaehler, President of the San Francisco Stock Exchange, Also Speak.

On Wednesday, March 21, the Board of Governors of the San Francisco Stock Exchange, under the auspices of its Public Relations Committee, of which Leland M. Kaiser, of Kaiser & Co., is Chairman, gave a luncheon at the Bohemian Club of San Francisco to a group of about 50 of the local community leaders. The object of the gathering was to promote a public relations program of the Exchange. As remarked by Mr. Kaiser who introduced both Mr. Miller and Mr. Kaehler (the latter, the first paid president of the San Francisco Stock Exchange), the luncheon "is a departure from anything the San Francisco Stock Exchange has done in the past" and he added the major sin of omission that the Exchange has been guilty of was "failure to develop a public relations program which would result in mutual understanding between the public and the Exchange."

G. Willard Miller, the Chairman of the Board, in describing the work of the regional Exchanges pointed out that "based upon the value of sales executed in 1944, San Francisco does about one-sixth of the total business of all regional exchanges. Our sales last year of $104,000,000 were outranked only by Chicago's $189,000,000 and Boston's $126,000,000. Philadelphia followed us with $72,000,000 and Los Angeles came next with $64,000,000. Other regional exchanges of some importance are located in Detroit, Pittsburgh, and Cleveland.

"It is to these regional exchanges," he continued, "that we must look for the establishment of a market for the stocks of local companies. As our Pacific Coast businesses expand and require public financing, their securities are usually listed on the San Francisco Stock Exchange. Investors thereby obtain greater liquidity, a collateral value for their securities, and are able easily to appraise the value of their holdings. The company obtains advertising for its securities and for itself, and as a result is enabled to raise new capital in the future more readily. This process of 'seasoning' gradually draws the attention of investors in other parts of the nation to the company, and the flow of venture capital to the Coast, so necessary to our continued industrial expansion, is augmented."

Regarding the new policy with reference to the San Francisco Exchange, Mr. Miller added that "we are all concerned in our business lives with the continuation of the growth of California's economic base. One of the reasons for the existence of the Stock Exchange is to facilitate this growth.

"All of us hope to see San Francisco maintain and improve her position as Queen City of the West, the logical and natural financial center of the Pacific Coast. To this end the Exchange is working diligently to improve the scope and mechanism of its operation.

"It became apparent to our members that a streamlining of the method of operation should be effected to strengthen our position and permit us to render the maximum of service to the public. Several months ago, after thorough investigation, we decided to engage a full-time paid president to coordinate the internal and external operations of the Exchange. The man chosen for this position was Ronald Kaehler.

"Ronald has been identified with the 'Street' for quite some time. He was a member of this Stock Exchange for seven years and has served as a member of its Governing Board, as well as on its various committees. Prior to his election as President he was actively identified with the administration of the Exchange as executive vice-president."

Mr. Kaehler, in a short address, spoke of the policy to increase

(Continued on page 1503)

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NSTA Notes

STANY FORUM

The Security Traders Association of New York will hold a forum in the Governors Room of the New York Curb Exchange at 4:30 p.m. today.

Arthur E. Baylis, foreign freight traffic manager of the New York Central Railway System, will give an informal talk on the railway industry from an operating and traffic standpoint. A question-and-answer period will follow. Mr. Baylis was, until recently, Assistant Director of the Railway Division of the Office of Defense Transportation.

Calendar of Coming Events

Apr. 5, 1945—Security Traders Association of New York—Forum on Rails—4:30 p.m. in the Governors Room of the New York Curb Exchange.
Apr. 20, 1945—New York, Security Traders Association of—Annual Dinner at the Waldorf-Astoria Hotel.

Hall & Wyle, NYSE Firm to Be Formed

Paul V. Hall, member of the New York Stock Exchange, and John J. Wyle will form the Exchange firm of Hall & Wyle, with offices at 61 Broadway, New York City, as of April 16th. Mr. Hall was for many years a partner in Sutro Bros. & Co. Mr. Wyle has recently been active as an individual floor broker, but his membership in the Stock Exchange is being transferred to Arthur E. La Branche.

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Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

April and the Rails—Calendar of Rail Events During April—**Vilas & Hickey**, 49 Wall Street, New York 5, N. Y.

Common Stocks for the Coming Era of Reconstruction—Circular—**Auerbach, Pollak & Richardson**, 30 Broad Street, New York City.

Methods to Determine Price From Yield—A four-page copyrighted folder for determining "price from yield" on bonds payable at par, and also for ascertaining "yield from price" on bonds callable at premiums and bonds carrying odd coupon rates—**Chase National Bank of New York**, Pine Street corner Nassau, New York 15, N. Y.

Movie Stocks Accumulate Risks—A study of the current situation and longer-term post-war prospects—**Smith, Barney & Co.**, 14 Wall Street, New York 5, N. Y.

Alabama Great Southern RR.—Descriptive circular—**Adams & Peck**, 63 Wall Street, New York 5, New York.

American Bantam Car—Circular on this situation—**Hoit, Rose & Troster**, 74 Trinity Place, New York 6, N. Y.

American Hardware—Special study—**Goodbody & Co.**, 115 Broadway, New York 6, N. Y.

Ampco Metal, Inc.—Circular on interesting post-war possibilities—**Sills, Minton & Co., Inc.**, 209 South La Salle Street, Chicago 4, Ill.

Also available are current bulletins on **Chicago South Shore and South Bend Railroad, New Orleans, Texas & Mexico** issues, **St. Louis and San Francisco, Maryland Casualty** common, **Puget Sound Power and Light** common, **Chicago Railway Equipment Company, Leece Neville**, and **Soss Manufacturing Company.**

Benguet Consolidated Mining Co.—Analysis—**F. Bleibtreu & Co., Inc.**, 79 Wall Street, New York 5, N. Y.

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.**, 37 Wall Street, New York 5, N. Y.

Bulldozer—One of the most effective machines of war, which constitutes essential equipment for post-war recovery—A study of **La Plant-Choate Mfg. Co.** outlook—**Scherck, Richter Co.**, Landreth Building, St. Louis 2, Mo.

Central Hanover Bank & Trust—Bulletin—**Laird, Bissell & Meeds**, 120 Broadway, New York 5, N. Y.

Central Iron & Steel—Bulletin on recent developments—**Lerner & Co.**, 10 Post Office Square, Boston 9, Mass.

Chicago, Milwaukee, St. Paul & Pacific Railroad—Complete arbitrage proposition—**Sutro Bros. & Co.**, 120 Broadway, New York 5, N. Y.

Cross Co. Common Stock—Analysis of reasons for considering this an attractive low-priced situation—**F. H. Koller & Co., Inc.**, 111 Broadway, New York 6, N. Y.

Also available are memoranda on **Liquidometer Corp., Great American Industries, Hartman Tobacco** and **New Bedford Rayon.**

Crowell Collier Pub.—Special research study—**Goodbody & Co.**, 115 Broadway, New York 6, N. Y.

A. De Pinna Company—Descriptive circular—**Herrick, Waddell & Co., Inc.**, 55 Liberty Street, New York 5, N. Y.

Derby Gas & Electric Corporation—Discussion of future earnings prospects—**G. A. Saxton & Co., Inc.**, 70 Pine Street, New York City.

Detroit Harvester Co.—Review of the situation—**Reynolds & Co.**, 120 Broadway, New York 5, N. Y.

Eastern Corporation Common—Circular—**Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Electronic Co. Common—Report discussing this stock as an attractive low-priced dividend payer—**Hughes & Treat**, 40 Wall Street, New York 5, N. Y.

Garrett Corporation—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.**, 208 South La Salle Street, Chicago 4, Ill.

General Electric and Westinghouse Electric—Comparison—

(Continued on page 1488)

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Uncertainties Develop Regarding International Conference

President Drops Plan to Ask 3 Votes for U. S. in the International Assembly. Secretary Stettinius Denies Rumored Delay in San Francisco Meeting and Issues Prepared Statement on Questions Submitted by Press Correspondents.

It was revealed by the State Department on April 3, that President Roosevelt had reversed his position on the "secret" agreement made at Yalta, whereby Russia and the United States were each to obtain three votes in the General Assembly of the United Nations to counterbalance the six votes which would be comprised in the British Commonwealth of Nations. According to an announcement by Secretary of State Edward R. Stettinius, Jr., the United States would not request a multiple voting quota but would not oppose Russia's claim for three votes as agreed upon in the Yalta Conference.

President Roosevelt

E. R. Stettinius, Jr.

The full text of Secretary Stettinius' statement issued at the press conference on April 3, as reported by the Associated Press on the next day is as follows:

At a press conference on Friday, March 30, correspondents submitted to the Department of State for consideration a number of questions relating to representation in the General Assembly of the proposed United Nations organization, a matter that was discussed at the Crimea Conference.

The inquiries submitted related to various aspects of several principal questions: whether unpublished agreements had been made at Yalta; why the American representatives at Yalta agreed to support the Soviet proposals for initial membership of two Soviet republics in the proposed international organization; whether it agreed that the two Soviet republics would have separate representatives at the San Francisco Conference; why the agreements with reference to the proposal for initial membership of two Soviet republics had not been announced, and whether the agreements on the subject of representation in the General Assembly affected the principle of sovereign equality of peace-loving nations expressed in the Dumbarton Oaks proposal.

Answers Questions

I wish to make the following statement in response to these questions:

Both military and political questions were covered at the Crimea Conference. The military plans agreed to at Yalta and re-

(Continued on page 1493)

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Status Of France's Foreign Debt

By JEAN PAUL SIMON

Former Member of the French Office of Wheat Distribution

French Economist Presents Data Regarding the Foreign Debt of France, in Which He Contends That the French Government's Credit Always Has Been Good, and the French Government Was, Until the Vichy Regime, Scrupulous in Meeting Its Obligations. He Maintains That the Resumption of Payments on all French Foreign Loans in the U. S., Canada and Great Britain Should Not Present the French Provisional Government With Any Great Difficulties and That France Has Not Exhausted Her Borrowing Possibilities.

Jean Paul Simon

The French Government's credit has always been one of the best in the world. Disregarding the question of inter-allied debts, it is a fact that France has always scrupulously lived up to her financial obligations, until the day she was occupied by the Germans.

In September, 1939, the face value of the French foreign debt was 18 billion French francs, including railroad, shipping companies, municipalities and "Department" bonds; the banknote circulation was Fr. 142 billions, and the total Public Debt, Fr. 445 billions.

In September, 1944, the nominal amount of the outstanding foreign debt had not changed, not counting certain loans of the British Government to the Free French and Lend Lease operations. However, the note circulation and the Public Debt had soared to Fr. 600 billions and Fr. 1,650 billions, respectively.[*]

The total of the French foreign debt in dollars, pounds sterling, Dutch guilders, Swiss francs, etc., represents about $500 millions. However, the majority of the underlying securities had been repatriated to France before the war: therefore, the French Government requires only a small amount of foreign currencies to insure payments on its foreign debt, since it can effect settlements in French francs in the territories within French jurisdiction.

I. Loans Issued in the United States

With the exception of the French Republic 7½% 1941 issue and the 7% 1949 issue, all French dollar loans floated in the United States were redeemed shortly before the war.

At the end of 1940, Vichy reached an agreement with the U. S. Treasury Dept., in accordance with which a sufficient amount of French Government funds blocked in the United States were released for regular payments on the two aforementioned loans.

On the due date, in June 1941, the 7½% 1941 issue was redeemed.

Interest and amortization on the 7% 1949 continued to be met regularly. It is estimated that $1½ million nominal of the 7% 1949 are in circulation in the United States, whereas the total outstanding is in excess of $23½ millions. In fact, the 7% 1949 issue is the only existing American dollar loan of the French Government.

The French National Mail Co. 6% Canadian Gold Dollars 1952 issue, guaranteed by the French Government, was floated in 1927 in the Netherlands and the United States. Interest and principal are payable in Canadian gold dollars of the standard weight and fineness of the Canadian gold dollar of 1927. The loan became redeemable at any time at 100%, on three months' notice, as of May 1, 1937. It is estimated that $1 million of this loan is in circulation in the United States and Canada, the total outstanding being $8 millions.

The history of this loan merits special attention, in view of the controversies which arose about the interpretation of the contract clauses and particularly of the validity of the gold clause relating to international payments.

In April 1933, the U. S. dollar ceased to be convertible into gold. Immediately, there was a drop in the rate of exchange of U. S. and Canadian dollars against French francs. Although the contract covering the French National Mail Co. bonds did not contain any clause relating to payments in French francs, the French Treasury took steps to effect payments on the loan in francs at the rate of Fr. 25.52 per Canadian dollar, or in Canadian dollars with the equivalent premium of exchange. Therefore, from May 1, 1933 to May 1, 1937, the service of this loan was assured in accordance with this favorable arrangement of the French Government. Until Sept. 28, 1936, when the French franc itself was devaluated, bondholders were in fact receiving payment at the exact equivalent of the Canadian gold dollar of 1927.

In 1937, the U. S. Supreme Court upheld a ruling abolishing the gold clause. Therefore, it became illegal to demand settlement of gold dollar contracts either in gold dollars or in gold, be it inside or **outside** of the United States. The paper dollar became the only legal tender. (Let us recall that in France, the Franc Devaluation Law of Poincare expressly exempted from its terms all Foreign Loans issued in France which were payable in Germinal Gold Francs). Taking into account the U. S. Supreme Court's ruling, the French Government made it known that it would henceforth assure the service of the French Republic 7½% and 7% bonds in paper dollars; both loans had been issued payable in U. S. gold dollars. This measure was thereafter extended to all French Foreign Loans of any national organization payable in U. S. or Canadian gold dollars.

From November 1, 1937 to May 1, 1940, payments on the French National Mail bonds were made in Canadian paper dollars.

Bondholders wishing to obtain payment in gold instituted many lawsuits in the Netherlands. The Dutch Courts ruled that the French National Mail Co. and the French Government were compelled to effect payments on the loan in Canadian paper dollars at the equivalent of the Canadian gold dollar of 1927, or in Canadian gold dollars of 1927. All the judgments were based on the fact that

(Continued on page 1513)

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[*] From September, 1939, to February, 1945, the United States gold reserve rose from $18 billions to $20½ billions; the note circulation from $8 billions to $25½ billions, and the Public Debt from $41 billions to $241 billions. The first six War Loans yielded $113 billions, i.e., 1, December, 1942, $12 billions; 2, April-May, 1943, $20 billions; 3, September-October, 1943, $21 billions; 4, January-February, 1944, $18 billions; 5, June-July, 1944, $22 billions; 6, November-December, 1944, $20 billions.

However, it would certainly be misleading to compare these figures with the French balance sheet. The economic situation of the two countries is entirely different. In the United States, inflation has been controlled, wealth has been created and industry has made tremendous strides. In France, inflation has not only gone unchecked, but it has even been "artificially" created; at the same time the French people were more and more impoverished, the country itself was systematically emptied of its substance. These were the direct results of the application of the German economic plans for occupied countries.

John J. O'Brien Admits Spalding as Partner

CHICAGO, ILL. — John J. O'Brien & Co., members New York and Chicago Stock Exchanges, announce that Evans Spalding has been admitted to the firm as a general partner. Mr. Spalding left Mitchell, Hutchins & Co., in 1941 to enter the service and was a major in the Marine Corps in command of two aviation schools. A veteran of the first World War, he holds decorations as a line officer.

A Harvard graduate, his experience in the brokerage field began in 1928. He is a past president of Stock Brokers Associates of Chicago.

His admission to partnership in John J. O'Brien & Co. was previously reported in the "Chronicle" of March 22.

W. B. Pierce with Blyth Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — William B. Pierce has become associated with Blyth & Co., Inc., 135 South La Salle Street. Mr. Pierce has recently been with the Procurement Division of the U. S. Signal Corps. Prior thereto for many years he was with Bacon, Whipple & Co.

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Hillman Made V.-P. of Lawyers Mtg. Corp.

Russell Marston, President of the Lawyers Mortgage Corp., announced the appointment of Willard C. Hillman as Assistant Vice-President. Mr. Hillman has been with the organization since 1908 and specializes in mortgage servicing for institutions.

Life Ins. Realty Holdings

Real estate holdings of the life insurance companies at year-end were $1,073,000,000, the lowest point in relation to assets since 1930, it was recently reported by the Institute of Life Insurance.

The aggregate is made up of $250,000,000, representing company head office buildings and buildings used for business purposes; $206,000,000 real estate under contract of sale; and $617,000,000 of properties held outright, in large part foreclosed units taken over under distress conditions. Of the latter, $202,000,000 are farm properties and $415,000,000 urban properties.

Sales of real estate have continued in large volume since the first of the year. January sales of $15,000.000 reduced holdings at the month's end, exclusive of home offices and properties under contract of sale, to $610,000,000.

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Real Estate Securities

Hearst Brisbane Properties Reorganization Completed

Earnings of New Company, Midtown Enterprises, Inc. Provide 5% Interest Coverage and Sizable Sinking Fund

On March 8, 1945, it was announced that the new securities authorized under the plan of reorganization of Heart Brisbane properties were ready for exchange. The basis of exchange provides for the issuance of a new $600 non-cumulative Income Bond of Midtown Enterprises, Inc., and 20 shares of Common Stock for each old $850 bond of the old company. The stock so issued with the new bonds represents 100% of the equity and is retained by the holders in the event bonds are in the future offered to the sinking fund. Bonds issued pursuant to the plan total $2,404,470. The assessed valuation of the properties securing the new bonds is $3,526,000.

Properties Owned by New Company

The bonds are secured by a first mortgage on the land (with the exceptionof 22 East 57th Street which is a leasehold) and buildings together with all furniture, furnishings and equipment therein, as described below:

(1) **Hotel Warwick**, a 35-story hotel completed in 1927, containing 508 rooms, stores, etc., at the northeast corner of 54th Street and Sixth Avenue (2 blocks north of Radio City, N. Y. C.), on a plot 120x100 feet.

(2) **9 East 57th Street**, a 5-story building (near Fifth Avenue) containing store on ground floor, and eight apartments, 1-2 room, 1-4 room and 6-3 room on a plot 28x100 feet.

(3) **14 East 58th Street**, a 5-story building (near Fifth Avenue) containing one store and eight apartments, two on each floor, and one and two rooms on a plot of 20x100 feet. The rear lot line of this property and (2) above meet.

(4) **20 East 57th Street**, an 18-story fireproof construction office building (near Fifth Avenue).

(4A) **22 East 57th Street**, a 6-story business building. These building are on a plot 54x100 feet. Land and building at No. 20 are owned in fee, No. 22 is a leasehold, ground rent being $17,000 per annum.

Properties 1 through 4 are known as New Company properties. 4A is known as Subsidiary Company Property as title is held by a 100% owned Subsidiary of Midtown Enterprises, Inc.

Sale of Properties Except Warwick Hotel and Distribution of Funds

It is possible that all properties with the exception of the Hotel Warwick may be sold as they contribute only a small net income to the Corporation and from a practical standpoint a reduction of funded debt in the amount of $250,000, which it is believed could be obtained, seems to be the logical prodecure. A pro rata distribution would be about 10 points per $100 bond outstanding and would reduce interest charges of the Corporation about $12,500 annually.

"Available Net Income" of the new company is distributable as follows:

Eighty per cent applicable to interest in multiples of ¼% to 5% per annum, and balance subject to certain indenture provisions as a sinking fund. The new company actually started operation of the properties Oct. 1, 1944. With the exception of the Hotel Warwick, no operating statements are available, although we understand that the other properties show a small profit after expenses and real estate taxes, however, the statement of operations for the Warwick for the four months' period ended Jan. 31, 1945, indicate that this property alone can earn sufficient to provide for 5% interest and provide a sinking fund.

Gross operating profit of the Warwick is shown as $130,698.59 for the four months. The first fiscal period of the new company will be a seven months' period and will end April 30, 1945. Available net income will be distributable July 1, 1945, and on the basis of the Warwick earnings alone, the estimated amount distributable will provide for full 5% interest and about $117,000 available for sinking fund.

The statement of the Warwick as of Jan. 31, 1945, shows current operating asssets of about $195,000 in contrast to current liabilities of only $31,000.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—**George E. Youtsey** has become associated with **Lucien B. Layne & Co.**, Union Trust Building. Mr. Youtsey was previously with W. D. Gradison & Co. and Hill & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Edwin W. Gass** is with **Paul H. Davis & Co.**, 10 South La Salle Street, Chicago, Ill.

(Special to The Financial Chronicle)

DETROIT, MICH. — **Edward C. Smith** has been added to the staff of **Carr, Chapin & Co.**, Penobscot Building. Mr. Smith was previously with W. E. Moss & Co.

(Special to The Financial Chronicle)

SHREVEPORT, LA.—**Mrs. Mary S. Posey** is with **Merrill Lynch, Pierce, Fenner & Beane**, 608 Edwards Street.

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Dealer-Broker Recommendations

(Continued from page 1486)

Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Albert Frank-Guenther Law, Inc., preferred stock—Circular—**George R. Cooley & Co., Inc.**, 52 William Street, New York 5, N. Y.

Gruen Watch common—Memorandum—**Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Indiana Gas & Chemical—Late memorandum—**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

Also available are statistical reports on **York Corrugating** and **Reed Drug.**

Interstate Aircraft & Engine Co.—Circular—**Hirsch & Co.**, 25 Broad Street, New York 4, N. Y.

Landers, Frary & Clark—Discussion of attractive possibilities for post-war appreciation—**Amott, Baker & Co., Inc.**, 150 Broadway, New York 7, N. Y.

Lehigh Valley RR.—Circular on the general consol. 4s-4½s-5s. 2003 — **McLaughlin, Baird & Reuss,** One Wall Street, New York 5, N. Y.

Long Bell Lumber Company—Memo discussing enviable post-war outlook and earnings possibilities—**Comstock & Co.**, 231 South La Salle Street, Chicago 4. Ill.

Macfadden Pub. Inc.—Descriptive circular—**C. E. de Willers & Co.**, 120 Broadway, New York 5. N. Y.

Magnavox Company—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.**, 208 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner, Rouse & Co.**, 25 **Broad Street**, **New York 4**, N. Y.

Merchants Distilling Corporation—Statistical memorandum—**Bennett, Spanier & Co., Inc.**, 105 South La Salle Street, Chicago 3, Ill.

Merritt, Chapman & Scott—Analysis of company's post-war prospects and reasons for considering outlook of interest—**Hirsch & Co.**, 25 Broad Street, New York 4, N. Y.

Mohawk Rubber Co. — Discussion of attractive prospects for return and appreciation—**Ward & Co.**, 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Du Mont Laboratories "A"; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scovill Mfg.; Bird & Sons; Riley Stoker; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Hartford-Empire; Maine Central Pfd.; Purolator; Moxie; Southeastern Corp.; United Piece Dye Works; S. F. Bowser; Detroit Harvester; Boston & Maine; Buda Co.; Deep Rock Oil; Federal Machine & Welding; Gleaner Harvester; Liberty Aircraft Products; Lamson - Sessions; Berkshire Fine Spinning, Bowser, Inc.; New Jersey Worsted, and P. R. Mallory.

National Monthly Stock and Bond Quotation Service — Free trial offer being made by **National Quotation Bureau, Inc.**, 46 Front Street, New York 4, N. Y.

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

New York, Chicago & St. Louis RR. Co.—Memo on post-war outlook offering attractive possibilities—**H. Hentz & Co.**, 60 Beaver Street, New York 4, N. Y.

Oxford Paper preferred & common — Analytical study — **Goodbody & Co.**, 115 Broadway, New York 6, N. Y.

Panama Coca-Cola—Discussion of this situation—**Hoit, Rose & Troster,** 74 Trinity Place, New York 6, N. Y.

Pittsburgh Railways — Current study—**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

Public National Bank & Trust Company—Analysis, for dealers only—**C. E. Unterberg & Co., 61** Broadway, New York 6, N. Y.

St. Louis-San Francisco Railway Co. and **Chicago, Milwaukee, St. Paul & Pacific RR. Co.**—Arbitrage letters—**Vilas & Hickey, 49** Wall Street, New York 5, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation,** 350 Fifth Avenue, New York **1,** N. Y.

Seaboard All-Florida — Recent developments in the case, with the imminence of the appeal scheduled to appear before the Fifth Circuit Court on May 15 in New York—**L. H. Rothchild & Co., 52** Wall Street, New York 5, N. Y.

Seaboard Railway Company—Complete arbitrage proposition on request—**Sutro Bros. & Co.,** 120 Broadway, New York 5, N. Y.

Segal Lock—Post-war outlook—**Simons, Linburn & Co.**, 25 Broad Street, New York 4, N. Y.

Stromberg-Carlson — Descriptive circular—**J. F. Reilly & Co.,** 111 Broadway, New York 6, N. Y.

Also available are circulars on **Bowser, Inc.**, and **Foundation Co.**

Western Light & Telephone—Descriptive circular — **Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Wilmington Chemical Corporation—Descriptive circular—**Hill, Thompson & Co., Inc.**, 120 Broadway, New York 5, N. Y.

Yuba Consolidated Gold Fields—Analytical discussion of possibilities for price enhancement—**Cartwright & Parmelee,** 70 Pine Street, New York 5, N. Y.

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April 2, 1945

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market gave some ground last week in the restricted issues, the 2½s due 1967/72 and the partially exempt obligations. . . . A better tone was in evidence in the entire list on Monday, particularly in the taxable 2% group, due in part to the belief that the maturity dates on the drive issues would be available in the very near future. . . . The opinion of the market on the closeness of the announcement on the maturities of the Seventh War Loan securities was right since the Treasury made this information public on Tuesday, April 3. . . . The maturities as given out by the Government were in line with expectations and are as follows:

⅞% certificates of indebtedness due June 1, 1946
1½% bonds due Dec. 15, 1950
2¼% bonds due June 15, 1956/59
2½% bonds due June 15, 1967/72

Interest will accrue on the four marketable obligations from June 1, 1945. . . .

MARKET ADJUSTMENT

Some further adjustments were in evidence in the market on Tuesday with considerable interest being manifested in the taxable 2s with some of these issues going to new high levels. . . . The taps and the 2½s due 1967/72 were under some pressure. . . . It is believed that it is somewhat early yet to indicate what the trend will be in the outstanding issues until portfolio managers have had more time to fully study their positions in relation to the new financing. . . .

However, with the loss of interest in price now determinable, holders of the outstanding obligations are in a position to decide what normal portfolio adjustments should be made, if any. . . .

The results of these decisions will no doubt have an important bearing on the trend of the Government bond market from now until the end of the drive. . . .

BUYERS AND SELLERS

During the month of December, 1944, a move took place in the partially exempt obligations which carried many of these issues, particularly the longer maturities, to new highs for the year. . . . While some indications as to the buyers and sellers of these obligations were available during that month, it was only recently that the Treasury published the data that made it possible to show what took place in these issues from Nov. 30 to Dec. 30, 1944. . . .

This showed that the largest buyers of the partially exempts during this period were the commercial banks, with only minor purchases being made by the fire insurance and casualty companies. . . .

The savings banks were the principal sellers, followed by the life insurance companies, with other investors close behind. . . . The commercial banks took their largest position in the 2⅞% due 3/15/55/60, with the next important commitments being made in the 2¾% due 6/15/51/54, the 3% due 9/15/51/55, the 2½% due 9/15/50/52 and the 4¼% due 10/15/47/52. . . .

These institutions did their heaviest selling in the 2½% due 12/15/45, with the only long-term issue disposed of being the 2¾% due 9/15/56/59. . . .

FIRE AND CASUALTY COMPANIES

The fire and casualty companies were only small buyers on balance with their largest purchases being made in the 2% due 6/15/53/55, the 2⅞% due 3/15/55/60, the 3% due 9/15/51/55, the 2¾% due 6/15/51/54, the 2½% due 9/15/50/52 and the 3% due 6/15/46/48. . . . The largest sales by these companies were in the 4¼% due 10/15/47/52. . . . The mutual savings banks were the largest sellers of the partially exempts, with the 2¾% due 9/15/56/59 being the most heavily sold obligation, while the 2½% due 9/15/50/52, the 2½% due 12/15/49/53, the 3⅛% due 12/15/49/52, the 2% due 12/15/48/50 and the 2¾% due 3/15/48/51, followed in order of that order. . . . The only obligation bought by this group was the 3% due 9/15/51/55. . . .

(Continued on page 1516)

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Says U. S. Obligations Exceed Assets Abroad

National City Bank Analyses Shifts in War Time Balance of Payments. Holds Credit Balance Built Up After World War I Has Given Way to a Debit Balance, but This, in All Likelihood, Will Prove Only Transitory.

The United States, says the April issue of the Monthly Letter of the National City Bank of New York, is, temporarily, a debtor nation, instead, as just before the war, it was the "world's greatest creditor nation." This reversal, the Letter points out is entirely due to wartime conditions involving military expenditures abroad, and, in all likelihood will change to the pre-war trend when peace and normal trade operations are restored. Commenting on the situation, the National City Letter states:

"On trade and service account, Lend-Lease excluded, the balance has run heavily against us. We have lost gold, and foreigners have accumulated bank deposits and other short-term funds in such amounts that our total obligations to foreigners now exceed our assets abroad. In short, we have ceased to be a creditor nation, at least temporarily, and have become an international debtor.

"To measure these changes, there is now available the first official summary of our wartime balance of payments, published by the Bureau of Foreign and Domestic Commerce in "Foreign Commerce Weekly" of March 10. The figures, which in part are only estimates, cover the period 1940-44. They bring out forcefully the shift in our international transactions. In tabulating them we have condensed the figures, added data for the year 1939, and grouped the totals into three pre-Pearl Harbor and three post-Pearl Harbor years.

"As will be seen," the letter points out, "the most significant change took place in goods and service transactions. These include, in addition to our sales and purchases of merchandise and such services as shipping, also the amounts sent abroad by our tourists, immigrants, and charitable organizations. Whereas in the three years before Pearl Harbor we sold foreigners $2.3 billion more goods and services than we bought from them; in 1942-44 we bought from abroad almost $5 billion more than we sold. At the same time we were providing some $35 billion of Lend-Lease goods and services (less $4 billion received in "Reverse Lend-Lease"), but these huge transactions involved no cash and hence are properly excluded from the statement."

"Two developments accounted for this reversal of the balance. One was a shift in trade. Cash exports of goods, which averaged about $3.9 billion in the 1939-41 period, dropped to about $3 billion in the three years 1942-44. At the same time our imports after Pearl Harbor averaged over $800 million a year more than in the 1939-41 period, reflecting largely the increased need of raw materials for our war industries.

"The other main cause of our heavy debit balance was a sharp rise in the outlay of dollars for services performed for us by foreigners. From $¼ billion in 1940 the annual average of these net payments rose to over $1 million, mainly because of the great expansion in our military expenditures overseas. To quote the Department of Commerce, next to merchandise imports, military expenditures have become, for the time being, the most important factor supplying dollars to foreign counties. The Department did not report these expenditures separately, but it did say that because of incomplete reports the total is understated in the overall estimate. Among other things, no adjustment was made for a still undertermined additional amount of dollars due to such countries as France or Italy for advances of francs and lire to our armed forces.

U. S. BALANCE OF INTERNATIONAL PAYMENTS, 1939-1944
(In Millions of Dollars)

	1939-41 Inc.	1942-44 Inc.
Goods and Services:		
Excess of merchandise exports	+3,407	----
Excess of merchandise imports	----	—1,747
Net services bought (incl. military exp.	—1,076	—3,151
Net goods and service transactions	+2,331	—4,898
Financial Transactions, Capital Movements:		
Debt service and dividends (net)	+1,101	+ 945
Long-term capital outflow (—), inflow (+)		
American (net)	— 156	+ 143
Foreign (net)	— 525	+ 57
Short-term capital outflow (—), inflow (+)		
American (net)	+ 325	+ 53
Foreign (net)	+1,681	+ 253
Net financial and capital transactions	+2,426	+1,451
Balance of all above transactions	+4,757	—3,447
Balancing Items:		
Loss (+) or gain (—) of gold	—7,685	+2,155
Increase (+) or decrease (—) in foreign official dollar funds	+ 886	+1,615
Residual item, inflow (+), outflow (—)	+2,042	— 323
	—4,757	+3,447

Source: "Foreign Commerce Weekly," March 10, 1945, except the figures for 1939, for which the data from "The United States in the World Economy" were used; the 1939 figures are not precisely comparable with those of 1940-44.

Due predominantly to these changes, our calculated balance of payments (before allowing for gold shipments) ran $3.5 billion against us in the three post-Pearl Harbor years, as compared with a balance of $4.8 billion in our favor in the 1939-1941 period. This unfavorable balance was met in part by shipment of $2.2 billion of gold and the remainder added to foreign funds held here."

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number eighty-two of a series.*
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About a generation ago there was a rather popular paraphrasing of an old saying, "If business interferes with your pleasure—*quit* your business." Our people here at Schenley don't have to quit business to get the pleasure they find in doing many worthwhile things after business hours.

Today it is this recorder's privilege to say something about one group of Schenley folk which goes along quietly and unobtrusively doing an extra job with a wartime flavor. We have reference to the members of Schenley Post No. 1190, American Legion. We really had to dig out with a spade, figuratively speaking, some of the good things they have done. Through several benefit entertainments they have raised money, first, for the purchase of a rolling kitchen which was donated for the use of civilians in bombed areas in England; then came nine "iron lungs"; next we find three thousand books for the boys in service; then, cash contributions to wartime drives. And last but not least they have organized a rehabilitation committee to assist discharged servicemen to literally get back on their feet.

Of course, Schenley people aren't alone in doing things like these. Men and women in many other American business enterprises are doing the same.

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Prentice Killed in Action

Lt. Commdr. Sheldon Ellsworth Prentice, USNR, a partner on leave of Dominick & Dominick, 14 Wall Street, New York City, has been killed in action in the Pacific, the Navy has informed his family.

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Philadelphia's Wage Tax

By RUSSELL M. ERGOOD Jr.

In the past few years the financial condition of the City of Philadelphia has shown an outstanding improvement. Astute financial management has definitely improved the financial structure.

For many years the city was forced to operate under an unbalanced budget. Certain drastic economic measures were taken which corrected this condition and enabled the city to operate on a balanced budget, which is the case today. The most outstanding of these economic measures were the voluntary refunding plans of 1941 and 1942, which greatly reduced future debt service requirements; the assignment of the rentals of the city's gas works to a trust, against which $41,000,000 gas revenue trust certificates were issued, and last, but not least, the gross income tax, otherwise known as the wage tax.

Russell M. Ergood

The wage tax became effective Jan. 1, 1940, as a 1½% tax on wages, salaries, commissions, and on profits of unincorporated businesses and professions. The levy is specifically on earned income, exempting income from investment. Under the provisions of the measure, the tax is imposed on every person, without exception, whose income is earned within the city limits. The tax also applies to every resident of Philadelphia who works for a living, practices a profession or operates an unincorporated business, whether it is in the city or not. The tax is collectible at the source, and employers are required to make payments monthly.

In the three years through 1942 in which the tax carried the same 1½% rate, it was increasingly productive because of the rising level of income. It was increased also by court determination in 1941 and 1942 of the city's right to tax income of State and Federal employees. In October, 1943, the United States Supreme Court refused to consider a tax appeal which sought to have set aside a previous decision that non-resident Federal employees must pay the tax. In December, 1942, City Council realized that it was not necessary to have a 1½% rate, and so the rate was reduced one-third to 1%, effective Jan. 1, 1943. The productivity of the tax and its relation to total city income is indicated herewith:

Wage Tax Collections

Year	Rate	Amount
1940	1½%	$16,283,820
1941	1½%	18,377,901
1942	1½%	24,762,041
1943	1%	20,761,883
1944	1%	22,315,000

Percentage of Total Current Receipts

	Wage Tax	Real Property Tax
1940	20.2	54.6
1941	21.8	52.1
1942	27.8	48.6
1943	24.2	51.1
1944	26.1	48.9

On March 3, 1945, Receiver of Taxes W. Frank Marshall announced that city tax collections for the first two months of this year show an increase of more than $523,000 over the same period of 1944. School taxes increased $118,083, general real estate taxes increased $187,459; wage taxes increased $291,746.

The officials of the City of Philadelphia recently received a shocking blow when the Pennsylvania State House of Representatives, on March 19, 1945, passed two bills, namely, the Finnerty-Haggard bill and the James bill, which vitally affect the Philadelphia wage tax.

The Finnerty-Haggard bill is a repealer of Philadelphia's 1% wage tax, as well as repealing the Sterling Act of 1932, which permits the city to levy taxes on subjects not taxed by the Commonwealth of Pennsylvania. The vote on this bill was 106 to 97.

The James bill exempts non-residents of the city from payment of the 1% wage tax. This bill was voted 159 to 32.

Philadelphia's Mayor Samuel said "repeal of the Sterling Act would cost the city about $24,000,000 annually. Besides the wage tax, the city would lose the right to impose amusement taxes and numerous other levies, such as those on parking lots, bowling alleys and pin-ball machines." Enactment of the James measure, he said, would do to the municipality half as much financial harm as would the total repealer.

If these bills were enacted into law it would require rearrangement of the city's finances, and doubtless would lead to a large increase in the real estate tax—perhaps accompanied by a sales tax. Even the adoption of the James bill probably would result in a substantial increase in the real estate tax, or in the imposition of a sales tax.

The Finnerty-Haggard bill has a storm-swept sea to sail before its benefits are felt by persons employed or living in Philadelphia, the only city in the Commonwealth now imposing the levy.

It must be passed by the decidedly Republican controlled Senate, where many members, even Democrats, predict that it will die in committee. If, however, the upper chamber concurs, Governor Martin's signature also is needed, and leaders indicate that he would back up the Philadelphia administration by vetoing the proposal.

The James bill, which is somewhat of a compromise measure, seems to have more of a chance of passage. However, the question of the Governor's signature is again somewhat doubtful.

Senator Geltz, Chairman of the Finance Committee of the State Senate, indicated that public hearings are scheduled to be held shortly by the Senate Finance Committee on these two measures. To all parties interested in the City of Philadelphia's finances these hearings should prove of great importance.

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Pennsylvania Brevities

Consolidated Traction Co. of Pittsburgh

Traction facilities in the Pittsburgh metropolitan area are provided by three principal sub-systems, namely, Pittsburgh Railways Co., United Traction Co. and lessors, and Consolidated Traction Co. and lessors. Until the present time, operational statistics for the three systems have not been made publicly available since their unification, for operational purposes, in 1902.

In a report filed with the United States District Court for Western Pennsylvania, Special Master Watson B. Adair, quotes segregated revenues which are extremely enlightening to interested security holders.

For the year 1942, gross operating revenues of the entire system were $16,098,010. Net revenues attributable to each sub-system, after all expenses includng depreciation but before fixed charges were:

Consolidated	$1,908,745
United	481,187
Pittsburgh	36,681

Since May 11, 1938, the entire system has been operated by trustees. As of Dec. 31, 1942, funds on hand, after allowances for all construction work on the properties of the underliers by the trustees but without allowance for depreciation, amounted to $6,301,049, which had been contributed as follows:

Consolidated	$6,418,825
United	1,369,698
	$7,788,523
Pittsburgh (deficit)	1,487,474
	$6,301,049

Cash or equivalent in the hands of the trustees at the present time is reported to be approximately $17,500,000, presumably derived from the three sub-systems in about the same ratios as indicated above. The obvious ability of the Consolidated system to produce the greater part of the entire system's revenues, leads naturally to a thumbnail sketch of its properties and operations.

In addition to important track-

(Continued on page 1491)

Byrnes Resigns as War Mobilization Director

President Names Fred M. Vinson as Successor, Whose Confirmation by Senate is Regarded as Certain.

James M. Byrnes, on March 24 sent his letter of resignation as Director of War Mobilization and Reconversion to the President, which was accepted "with regret," and the President immediately appointed to the post, Fred M. Vinson, at present head of the government lending agencies and previously the Director of Economic Stabilization. Mr. Byrnes gave the early approach of V-E Day as his principal reason for resigning stating that he desired to retire before reconversion problems came under active consideration.

According to a correspondent of the New York "Sun" the sudden and mystifying resignation of "Assistant President" James F. Byrnes served to focus attention upon the serious difficulties in which the Roosevelt administration has found itself ever since the fourth term began.

While the military leadership of the Army and Navy has achieved spectacular success, the diplomatic and domestic problems appear to remain as far from a satisfactory solution as ever.

The administration's number one problem in the diplomatic field was, of course, to establish a workable international organization for the preservation of world peace, but it now appears that the Yalta conference—once hailed as the greatest achievement of the President's career as an international negotiator—was badly bungled and may wreck all the labor that has gone into the building of a lasting agreement among the United Nations.

The primary legislative task which the administration set for itself was enactment of a manpower bill to insure the most efficient utilization of labor to provide the maximum flow of munitions and civilian necessities while the war lasted.

Partly to Mr. Byrnes' resignation has been ascribed the rejection by the Senate on April 2, by a vote of 46 to 29, of the manpower control bill, as already passed by the House of Representatives. Although the Senate agreed to re-sumbit the measure to a new conference with the House, it is generally regarded that the "measure is permanently killed."

Municipal News & Notes

The refunding offer recently made to creditors of the Province of Alberta by Premier E. C. Manning seems destined to failure in view of the opposition to the plan that has developed. Particularly significant is the attitude taken by the Dominion of Canada's Minister of Finance, J. L. Ilsley, who has expressed severe criticism of the failure of the plan to recognize the contractual coupon rate on the Province's defaulted bonds.

He is reported to feel that the terms of the Manning proposal which call for payment of only a relatively small part of the approximately $25,000,000 owed by the province in the form of interest arrears is thoroughly unfair to creditors.

The offer as announced by the Provincial Premier provides for the payment of about one-third of the unpaid interest that accumulated as a result of the government's unilateral decision in the 30's to pay bond interest at only 50% of the contractual rate. Under the terms of the Manning proposal the province would issue new 3½% obligations, maturing in 33 years, for all outstanding debt principal, matured or unmatured, and make a cash adjustment in payment of interest arrears, in amount of $9 per $100 in the case of holders of 6% debentures and $6 per $100 to holders of 4% securities.

This would involve an expenditure by the province of about $8,400,000, which is equal to approximately one-third of the amount saved by the government since it decided to pare interest payments beginning June 1, 1935.

Prime Minister Ilsley, in an effort to correct the long-standing default by Alberta and in a manner equitable to creditors, agreed to provide financial assistance to the province. His offer, however, was contingent on recognition by the Manning government of the entire amount of interest arrears and the contract rate of interest specified in the outstanding debt. The proposal, according to report, has been rejected by Premier Manning.

As a result of this action, both the Investment Dealers' Association of Canada and the Alberta Bondholders' Committee have announced their intenten to actively oppose acceptance of the refunding offer by bondholders.

The association, which represents 195 investment houses in Canada, made known its position in a recent telegram sent to Mr. Manning and signed by Secretary J. A. Kingsmill. This message stated in part as follows:

"It is the opinion of the association that the offer made by the Federal Government would have enabled the Province of Alberta to solve, in a fair and equitable manner, the proper re-adjustment of its obligations to its bondholders without increasing the burden of the citizens of Alberta beyond that which your government was prepared itself to go."

"We are amazed that your government has rejected this offer of the Dominion Government, and in fairness we feel we should advise you that we do not consider that the plan of adjustment that you are advocating . . . is fair and equitable.

"We must actively oppose acceptance of the arbitrary policy and plan of re-adjustment set forth by your government."

It is also disclosed that the Bondholders' Protective Committee has suggested a plan of refunding which it believes would treat creditors equitably and fully restore the credit of the province. This proposal calls for full payment of arrears of bond interest to June 1, 1945, with the additional outlay above that offered in the Manning plan to be provided out of the larger amount payable to the province under the terms of Finance Minister Ilsley's proposed amendment to the Dominion-Provincial Tax agreement.

The association also proposes that holders of matured bonds of the province exchange them for new obligations, dated June 1, 1945 and maturing serially from 1946 to 1964 inclusive. The new bonds would bear interest ranging from 2% to 3½%. Holders of unmatured bonds would accept new instruments, maturing 1964 to 1983, and bearing interest at present contract rates to maturity of the old bonds and 3½% thereafter.

This program, the Committee advised Premier Manning, "because of its fairness would gain the approval of practically all bondholders." Excerpts from the committee's communication follow:

"The plan meets all the main features which you have stated should be met to make it acceptable to the province. It requires no more immediate cash from the province than the $8,400,000 offered in your proposal. The interest rate of the new bonds is kept at not more than 3½% except in so far as the future interest on unmatured bonds exceeds that rate. However, it gives a lower basic rate of interest than 3½% on new bonds maturing up to 12 years. Because of this feature, it requires no more expenditure per annum than your plan.

"The only point in which it requires anything exceeding your suggestion, is that it takes between 37 and 38 years instead of 33 years to complete the arrangement, and this only if the refunding is not taken advantage of in the meantinme under the call feature which we propose for the bonds. We believe moreover that because of its fairness, it would gain the approval of practically all bondholders."

Chase Bank Issues Bond Price and Yield Study

A four-page copyrighted pamphlet being distributed by the Chase National Bank of New York makes it possible to readily determine "price from yield" on bonds payable at par, also "yield from price" on callable bonds and those bearing odd coupon rates.

The tables and statistical material contained in this handy guide to dealers and investors were compiled by George Holzman, assistant cashier in the Chase Bank bond department.

$6,200,000 Springfield, Mo., Revenue Bonds Marketed

A syndicate headed by Harriman Ripley & Co., Inc., and Phelps, Fenn & Co., offered on Tuesday a new issue of $6,200,000 Springfield, Mo., 2%, 2¼% and 2½% series public utility revenue bonds. The bonds, dated Nov. 1, 1944, and due 1946 to 1966, were offered at prices to yield 0.40% to about 1.86% to maturity. Bonds due from 1946 to 1960 inclusive are not callable; remaining maturities are subject to prior redemption under certain conditions.

The issues resulted from acquisition by the City of Springfield of the electric, gas and bus transportation systems of Springfield Gas & Electric Co. The bonds are payable solely from utility revenues and maximum charges for principal and interest occur in 1954 in amount of $453,000.

Operations of the company for 1944, on a pro forma basis with adjustments to reflect municipal operations, show an amount of $1,040,578 available after debt service. This figure is 2.30 times the amount of maximum principal and interest charges.

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Pennsylvania Brevities

(Continued from page 1490)

age in the downtown district known as the Triangle, Consolidated's lines run into the East End, out Penn, Liberty, Center and Fifth Avenue and Forbes Street, as well as on both sides of the Monongahala River. Total mileage is 195, compared with 504 miles for the entire system.

Of the total of 28 car routes treated as Consolidated's, mileage is so located that more than 90% utilizes track in respect to which companies in the Consolidated group have franchises or over which they have rights pursuant to existing written agreements. Of the 1,053 cars in use in 1942, 517, or 49.1%, were assigned to Consolidated routes. Included were 221 of the new PCC type cars out of a total of 401 of this type then in service.

In respect to the possibility of a future re-segregation of the three sub-systems, Consolidated is the only one which can "loop" its incoming lines in the downtown district without using the tracks of or transgressing the franchises of the others.

Ownership of the securities of the 15 companies comprising the Consolidated system is represented in the following table:

STOCKS OF THE SYSTEM

Owned by Philadelphia Co. and lessors	60.25%
Owned by the public	22.00
Owned by Consolidated and lessors	17.74
Owned by Pittsburgh Rys. Co. and lessors	.01

BONDS OF THE SYSTEM

Owned by Philadelphia Co. and lessors	84.80%
Owned by the public	14.37
Owned by Pittsburgh Rys. Co. and lessors	.62
Owned by Consolidated and lessors	.21

Securities of the Consolidated system publicly held in sufficient amounts to support reasonably active markets are:

Bonds—	Total Issue	Publcly Held
Ardmore St. Ry. 5s 1958	$1,032,000	$556,000
Duquesne Traction 5s 1930	1,313,000	49,000
Fort Pitt Traction 5s 1935	1,000,000	724,000
Suburban Rapid Transit 6s 1953	114,000	114,000
Stocks (shares)—		
Allegheny Traction	10,000	10,000
Consolidated Traction preferred	240,000	6,314
Citizens Traction	60,000	52,116
Duquesne Traction	60,000	6,865
*Monongahela St. Ry.	140,000	105,402
*Suburban Rapid Transit	28,000	26,155

*Performance under lease guaranteed by Philadelphia Company.

Negotiations between Philadelphia Company and public holders of all system securities have been in progress for over a year, seeking a mutually satisfactory formula for resolving the system's financial problems. While it still appears probable that a "straight-line" treatment will eventually be accorded all public holders, the comparative strength of the Consolidated group issues gives them a special appeal.

Autocar Co.

Reflecting the effects of Government half-track cancellations amounting to some $55,000,000, Autocar's annual report discloses a decrease in net sales from $85,801,039 in 1943 to $59,852,068 in 1944. Carried through to the common stock, earnings were $2.98 per share, compared with $3.81 in 1943. A settlement has been reached in reference to items remaining after last year's cancellations, reimbursing the company for losses. Although the company's designs and engineering are well advanced for postwar production, civilian truck and commercial vehicle manufacture will depend largely on the Government's decisions in respect to releasing critical materials. An earlier indication that 48% increase in civilian manufacture would be permitted in 1945 has been suspended.

A decline in Lehigh Valley Railroad's net income from $6,663,008 in 1943 to $772,120 last year is attributed almost entirely to the payment of over $5,000,000 in tax adjustments to the State of New Jersey last year. Nevertheless, the company has announced that the final installment of back interest on outstanding bonds will be paid on May 1.

Indicating its improved credit rating, York Corp. has filed with the S. E. C. a registration covering $4,400,000 new first mortgage bonds, the proceeds from which, with other funds, will be used to retire the present issue of $4,450,000 4¼s. Union Securities Co. and Stone & Webster and Blodget, Inc., will offer the new issue, the rate and price of which has not been determined, about April 18. It is only a little over a year ago that the preceding issue of York Ice Machinery 6s, 1947, were called.

The S. E. C. has appealed the Delaware District Court's decision in the Standard Gas & Electric reorganization case to the Third Circuit Court in Philadelphia. In disapproving the plan, Judge Leahy held that there is no existing law under which a solvent corporation can extinguish debt by compelling creditors to accept an exchange of securities. He pointed out that Standard's assets were in excess of three times its funded debt. While it is conceivable that the plan could be amended to provide for the payment of notes in cash, a number of analysts are of the opinion that, if Judge Leahy's opinion is upheld, the whole plan is scrapped and an entirely new plan will have to be drawn.

This would provide an opportunity for holders of junior stock issues to re-enter the proceedings and endeavor to establish better values for their holdings in the light of improving earnings and a general better tone to the utility market.

Ralph W. Pitman, President, Morris Plan Bank of Philadelphia, states that a report made to him by Consumer Banking Institute indicates that over $1,000,000,000 of consumer durable goods will be purchased annually in the first ten post-war years through consumer credit.

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McKeever Rejoins Goodbody & Company

H. Van Brunt McKeever, after more than two years' service with the Marine Corps, has resumed activity as partner of Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange. Mr. McKeever is one of the two general partners handling the firm's orders on the floor of the Exchange.

He entered the Marine Corps as a First Lieutenant, and was promoted to Captain after a few months. At the time of his release from the Corps he was squadron commander with an aviation engineering unit at the Marine Base in Quantico, Va.

Harold Marcus Associated With Wm. E. Pollock Co.

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Railroad Securities

A period of prosperity appears naturally to breed proxy fights, particularly in the railroad field. The incumbent management, having lived through the headaches of normal business periods, is fully awake to any inherent weaknesses there may be in the property itself or in its capital structure. With this knowledge, and recognizing that the boom will not last forever, conservative management follows a policy of utilizing the boom earnings to corect, insofar as possible, the weaknesses that threatened the properties in earlier years.

In the course of a boom, speculative enthusiasm may develop for the junior securities of such a company attracting a following of buyers impressed by the large current earnings and unaware of the underlying considerations which make it injudicious, if not impossible, to pass these earnings along to stockholders. Eventually such buyers become restive over not receiving any tangible return on their securities and begin to agitate for a change in management, or at least for a larger voice in the affairs of the company.

The latest proxy fight in the railroad field is that of the Missouri-Kansas-Texas which will be settled in a day or so. According to press reports it is the avowed purpose of the new interests seeking representation on the board to effect a recapitalization which will result in geting a return on their investment for holders of the present stocks. There is also apparently some criticism of the present management on the grounds that funds utilized in recent years for debt retirement might better have been used for purchase and retirement of the preferred stock.

While such a step might superficialy have improved the position of the common stock temporarily during the war boom by eliminating the question of large dividend accruals on the senior stock, it would almost certainly have spelled disaster for the whole company very shortly after conditions and railroad operations return to normal. The long record of the company's inability to cover fixed charges in the prewar era is sufficient to convince practically any railroad analyst that the road had no alternative other than to bend every effort towards reducing the burden of fixed charges when the cash was available, if a thorough judicial reorganization were to be avoided. As a matter of fact, there are many rail men who are convinced that the debt retirement process will have to go much further if the company is to be on safe ground in the post-war years.

It is indicated that fixed charges have now been reduced to an annual level of around $2,600,000 compared with about $4,400,000 only four years ago. This is among the most aggressive jobs done in the solvent group of railroads, and it was done without the company being able to undertake lower coupon refunding such as has helped many carriers. Even these new charges would have been covered in only five years of the depression decade. Aside from the retirement of debt, the management has spent considerable sums in recent years on the physical rehabilitation of the properties with a consequent improvement in operating efficiency. Naturally, then, on a return to business and traffic levels as they existed in the 1930s the road would be able to show higher earning power than it did in the past. Even allowing for this, however, it is generally conceded that Katy will not be a good credit until, and unless, fixed charges are further reduced. While this condition exists it appears rather dangerous to think in terms of passing along even a part of current earnings to stockholders.

Even this does not take into consideration the impossibility of such a step when working capital is not particularly large, $2,000,000 of bank loans must be paid off in 1945 and 1946, and there are substantial interest accruals still unpaid on the Adjustment 5s. As far as the common stock is concerned, its position is even further compromised by accruals of dividends of close to $62,000,000 on the preferred stock. It is hardly logical to expect that holders of the Adjustment bonds will relinquish their claim to back interest (it will be more than $6,000,000 by Oct. 1, equivalent to the full peak 1944 net earnings after a large non-recurring tax credit) just so that preferred stockholders can get a dividend, or that holders of the preferred stock will relinquish their claim to back dividends just to allow holders of the common stock to participate in their war boom earnings. All in all, it hardly seems possible that a readjustment of the capital structure to benefit the stockholders is feasible at this time.

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Morgan Stanley Offers Nat'l Bank of Detroit Stock at $42 Per Share

General Motors Sells Stockholdings

Morgan Stanley & Co. heads a nation-wide group which is offering today (April 5) for public subscription 759,550 shares of the National Bank of Detroit common stock at $42 a share, a large part of which represents the holdings of General Motors Corp. The National Bank of Detroit, on April 2, announced that it was increasing its common capital stock by $10,000,000 through the offering of 250,000 new shares to its stockholders. Of the total offering, 636,937 shares, for delivery on or about April 11, 1945, will be offered subject to prior sale and 122,613 additional shares will be offered at the same price, subject to prior subscription rights of existing stockholders of the bank other than General Motors, which rights expire May 2, and subject to approval by Counsel and the Comptroller of the Currency. This offering to such stockholders has been underwritten by the Morgan Stanley group.

The capital of the bank includes $8,500,000 of 3% preferred stock held by the Reconstruction Finance Corporation. The $10,000,000 proceeds of the new stock will be credited in the amount of $2,500,000 to common capital of the bank and $7,500,000 to surplus. Adjusted to the issuance of the 250,000 shares of common, the bank will have 1,250,000 shares with a book value, including surplus, undivided profits, reserves for losses and special reserve of slightly over $40 a share.

As of March 20, 1945, total assets of the bank were approximately $1,266,000,000, deposits being $1,216,000,000. The bank is 13th in size in the country.

Alfred P. Sloan, Jr., Chairman of General Motors Corp., on April 2, 1945, made a statement in connection with General Motors Corp.'s sale of its holdings in the stock of the National Bank of Detroit and pointed out that the sale of the stock was in line with General Motors Corp.'s understood plan from the time of the organization of the bank by General Motors Corp. in 1933. In his statement, Mr. Sloan said that General Motors Corp. will continue to be vitally interested in the future success of the bank in which for years it has been the largest private depositor, and that the disposal of the stock will not affect its other financial relationships with the bank.

Louis Fetzer Is With Hayden, Stone & Co.

Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York and Boston Stock Exchanges and other exchanges, announce that Louis Fetzer has become associated with their firm. Mr. Fetzer was formerly with E. F. Hutton & Co. in charge of the bond department; prior thereto he was manager of the corporate trading department for Blair & Co., Inc., and in the past did business as an individual dealer in New York.

J. S. Fischer Partner In Peltason Tenenbaum

ST. LOUIS, MO. — Peltason, Tenenbaum Co., Landreth Building, announces that Joseph S. Fischer has been admitted to general partnership in the firm. Mr. Fischer for many years was associated with Reinholdt & Gardner.

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Uncertainties Develop Regarding International Conference

(Continued from page 1486)

lated matters connected with the defeat of the common enemy can be made known only as they are carried out.

Among the other matters dealt with at the Crimea Conference were several open questions left over from the Dumbarton Oaks conversations: the voting procedure in the Security Council; invitations to the United Nations Conference on International Organization; the time and place of the Conference; initial membership in the International Organization, and the possible addition to the Dumbarton Oaks proposals of provisions relating to territorial trusteeship.

The decisions taken at Yalta with reference to the time and place of the United Nations Conference were made public in the communique issued at the close of the Crimea Conference. The voting procedure in the Security Council was not announced until after consultations on this subject with the Government of the Republic of China and the Provisional Government of the French Republic.

Following these consultations the voting procedure together with the text of the invitation and the list of nations to be invited to the San Francisco Conference were made public on March 5, approximately a month after the close of the Crimea Conference.

Proposal Supported by U. S.

The only other decisions reached at Yalta and not made public in the Crimea Conference communique related to initial membership in the international organization when it meets, and to territorial trusteeship.

The Soviet representatives at Yalta proposed that the White Russian and the Ukrainian Republics be initial members of the proposed international organization. This was a question for the United Nations assembled at San Francisco to consider and decide.

In view of the importance which the Soviet government attached to this proposal, the American representatives at Yalta, having the utmost respect for the heroic part played by the people of these republics in their unyielding resistance to the common enemy and the fortitude with which they have borne great suffering in the prosecution of the war, agreed that the government of the United States would support such a Soviet proposal at San Francisco if made. No agreement was, however, made at Yalta on the question of the participation of these republics in the San Francisco conference.

In the circumstances, the American representatives at Yalta believed that it was their duty to reserve the possibility of the United States having three votes in the general assembly. The Soviet and British representatives stated their willingness to support a proposal, if the United States should make it, to accord three votes in the assembly to the United States.

The President has decided that at the San Francisco conference the United States will not request additional votes for the government of the United States in the general assembly.

Announcement of these proposals was made first to the United States delegation to the San Francisco conference. In order to correct the impression conveyed by partial publication of the facts, public announcement was made prior to a final determination of the course to be followed by the delegation with regard to possible additional representation for the United States.

As to territorial trusteeship, it appeared desirable that the governments represented at Yalta, in consultation with the Chinese government and the French provisional government, should endeavor to formulate proposals for submission to the San Francisco conference for a trusteeship structure as a part of the general organization.

This trusteeship structure, it was felt, should be designed to permit the placing under it of the territories mandated after the last war, and such territories taken from the enemy in this war, as might be agreed upon at a later date, and also such other territories as might voluntarily be placed under trusteeship. No discussion was had at Yalta or is contemplated prior to, or at, San Francisco regarding specific territories.

Decision Rests With Conference

The basis of the San Francisco conference remains the Dumbarton Oaks proposals. It is for the conference to decide whether any proposals affecting voting in the general assembly of the proposed United Nations organization impairs the principle of sovereign equality, just as the conference itself must determine the application and interpretation of any general principles enunciated in the Dumbarton Oaks proposals.

In other words, the San Francisco conference will doubtless vote on many proposals for the detailed setting up of the United Nations organization, and there is no way of knowing what the proposals will be. The final organization will be passed on by the United Nations in accordance with their customary procedures, and it is hoped and believed that the result will be so clear that this great effort to eliminate future wars will receive practically unanimous approval.

This government believes that the rapid tempo of military and political developments, far from requiring postponement of the San Francisco Conference on International Organization, makes it increasingly necessary that the plans for this organization worked out at Dumbarton Oaks be carried on promptly.

We have, moreover, received no indication that any government believes that the conference should be postponed.

HOLC Calls Bonds

A call for the payment on June 1, 1945, of Home Owners' Loan Corporation series M, 1½% bonds, which mature June 1, 1947, was announced on March 30 by John H. Fahey, Federal Home Loan Bank Commissioner. This issue of bonds now amounts to $754,904,000.

"A high level of principal repayments on HOLC loan accounts has enabled bond retirements of the Corporation averaging $28,000,000 monthly since the beginning of the current fiscal year," Mr. Fahey said.

"After June 1, the outstanding Home Owners' Loan Corporation bonds will amount to about $1,033,000,000, representing a reduction of more than $2,456,000,000, or 70%, from the total of bonds issued by HOLC since its inception."

Ryan in New Connection

(Special to THE FINANCIAL CHRONICLE)

DENVER, COLO. — William F. Ryan is now associated with Chieftain Oil, Inc., Denver National Bank Building. Mr. Ryan, who has recently been with the U. S. Army, was formerly an individual dealer in securities in Denver.

Urge Canada to Accept Bretton Woods Plan

W. L. Mackenzie King, Canadian Prime Minister, recently asserted, during a debate in the Parliament on the Dunbarton Oaks proposal that the Canadian Government was in favor of the acceptance of the Bretton Woods monetary plan. Although the discussion of the Parliament dealt with the attitude of the Canadian representatives to the United Nations Security Conference in San Francisco the Prime Minister took advantage of the repeated references to the Bretton Woods proposals to state the opinion of the Canadian Government as to the monetary plans.

Ottawa advices to the New York "Times" on March 30 also stated:

Criticism of the proposals had come from the Social Credit party members, and Mr. King did not, he said, wish to leave the House under the impression that he agreed with their interpretation and analysis of the proposals. Throughout the debate on the Dumbarton Oaks proposals, he said, member after member had properly insisted on the great importance of achieving international collaboration in the economic as well as the political field. Prosperity, like peace, was indivisible, and the whole peace edifice would totter if it were not founded on conditions of material well-being throughout the world, he added.

Explaining his attitude toward the proposals, John Blackmore, leader of the Social Credit party, said that of the two definite Bretton Woods proposal—one on the international lending body and the other on the international stabilization body—the international bankers opposed the former and the Social Credit party opposed the stabilization body.

Oswald Love Opens Office To Deal in Securities

Oswald R. Love has opened offices at 57 William Street, New York City, to engage in a securities business. Mr. Love was previously manager of the investment department for Hartley Rogers & Co. and prior thereto was with E. W. Clucas & Co.

Commander Hegarty Rejoins E. H. Rollins

D. M. S. Hegarty, vice-president of E. H Rollins & Sons, Inc., 40 Wall Street, New York City, who has been on leave of absence since November, 1942, when he accepted a commission in the U. S. Naval Reserve, has rejoined the firm.

D. M. S. Hagerty

Commander Hegarty resigned his commission last June to serve as a civilian on the Navy Price Adjustment Board of which he has more recently been Acting Chairman. Subsequently, he was appointed a member of the War Department Price Adjustment Board and served concurrently on both boards.

This is not an Offering Circular. The offer of this Stock is made only by means of the Offering Circular, which should be read prior to any purchase of this Stock.

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Common Stock

$10 Par Value

509,550 of the shares offered hereby are presently outstanding shares and are being purchased by the Underwriters from General Motors Corporation at a price of $40 a share (including rights referred to below) and the Bank will not receive any of the proceeds from such sale. The remaining 250,000 shares of Common Stock are authorized but unissued shares and are being offered by the Bank to its stockholders at $40 a share pursuant to subscription rights expiring May 2, 1945. 127,387 of such remaining shares are to be purchased by the Underwriters from the Bank at $40 a share through the exercise of rights acquired from General Motors Corporation. The 122,613 remaining shares are being purchased by the Underwriters from the Bank at $40 a share and are being held in escrow subject to the subscription rights of stockholders.

Price $42 a share

636,937 shares of Common Stock of the Bank are offered subject to prior sale, and 122,613 shares of Common Stock are being offered subject to prior subscription rights, when, as and if delivered to and accepted by the Underwriters and subject to the approval of certain legal matters by Messrs. Davis Polk Wardwell Sunderland & Kiendl, counsel for the Underwriters. The issuance of the additional 250,000 shares offered by the Bank to its stockholders as above set forth is also subject to the approval of the Comptroller of the Currency. It is expected that delivery of 636,937 shares in definitive form will be made on or about April 11, 1945 against payment in New York funds, at the office of J. P. Morgan & Co. Incorporated. Delivery of such of the 122,613 shares as are not subscribed for by stockholders will be made on or about May 8, 1945 in New York City.

IN ORDER TO FACILITATE THE DISTRIBUTION OF THE SHARES, MORGAN STANLEY & CO. RESERVES THE RIGHT TO ATTEMPT TO STABILIZE THE PRICE THEREOF BY PURCHASING AND SELLING SHARES, AND RIGHTS TO PURCHASE SHARES, IN THE OPEN MARKET OR OTHERWISE, FOR EITHER LONG OR SHORT ACCOUNT. THIS STATEMENT IS NOT AN ASSURANCE THAT THE PRICE OF THE SHARES WILL BE STABILIZED OR THAT THE STABILIZING, IF COMMENCED, MAY NOT BE DISCONTINUED AT ANY TIME.

Copies of the Offering Circular are obtainable from only such of the undersigned as may legally offer this Stock in compliance with the securities laws of the respective States.

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April 5, 1945

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Southwestern Public Service Co.
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ESTABLISHED 1879

Public Utility Securities

New England Gas & Electric Plan

New England Gas & Electric is the smallest of the three "New England" holding companies, with total assets of about $108,000,000. It controls directly some 14 electric and/or gas companies operating in Massachusetts and six outside that State. Electricity supplies nearly two-thirds of revenues and gas one-third, with a small residue derived from steam-heating and miscellaneous operations. In keeping with the New England tradition, subsidiaries are conservatively capitalized with aggregate funded debt of only $9,350,000 and no preferred stocks.

The parent company, however, makes up for this by having five bond issues totalling $35,854,300 and first and second preferred stocks. On a consolidated basis system funded debt amounts to $45,204,300, while "original" cost of system property less depreciation account is only $42,396,922. ("Original" in this case means the value of subsidiary assets at the time of acquisition by NEGEA.)

In 1941, the SEC indicated that they would like to see system bonded debt reduced to 50% of consolidated net fixed capital, which would have meant a drastic change in the parent company's bonds. Representatives of bondholders protested, and the matter was shelved by the Commission, which a year later started "death sentence" proceedings against the system's geographical set-up. Later some litigation developed with the Associated Gas & Electric System, which owns all the common and second preferred stocks of NEGEA but has no voting rights. Because of this complication matters again dragged along until recently, when the company filed a recapitalization plan with the SEC.

Under this plan six companies outside Massachusetts would be merged, New Hampshire Gas & Electric Co. taking over five small companies (Derry Electric, International Power, St. Croix Electric, Kittery Electric Light and Lamprey River Improvement Co.). The Association would issue $24,675,000 collateral sinking fund 3⅞% bonds and $605,000 common shares (of 1,000,000 authorized) with no par value and stated par value of $25 a share.

Holders of all old bonds would receive $700 of new bonds, 9 shares of new common, 1 1/15 shares of New Hampshire Gas & Electric new common and $25 cash. First preferred stockholders are to receive at least 3 shares of new common for each share of preferred, and more if the Associated Gas System does not participate equally with other holders of the issue.

In the calendar year 1944, NEGEA's subsidiaries earned a balance of $2,918,767 after all charges, compared with $3,000,618 in the previous year. Over-all fixed charges were earned 1.41 times and coverage of charges and first preferred dividend requirements was 1.15. Under the new set-up fixed charge coverage would be increased substantially, though Federal taxes would absorb much of the gain. Fixed charges of the parent company would be cut about in half, to around $960,000, and 60% of the saving (retained after taxes if there are no excess profits tax payments) would increase net income to about $1,537,000 or about $2.54 a share on the new common stock. (These estimates are approximate since no pro forma income account is available in the press report.) Ten times these share earnings would give a figure slightly in excess of the $25 "stated value" of the new common.

New Hampshire Gas & Electric and the five companies to be merged with it earned about $209,000 in 1944 compared with $269,000 in 1943, and dividends of $175,800 (plus a substantial amount of interest) were paid to NEGEA in 1943. Post-war earnings power may be estimated at $200,000 or better, and considering the conservative capitalization of the group a price-earnings ratio of 12 seems warranted, making the total market valuation about $2,400,000 or some $63 a share for the estimated 38,244 shares to be offered to bondholders.

On the basis of these estimates (which can be refined when the pro forma figures are available) the estimated value of the "bundle" which would be offered to bondholders works out at about $1,017 (taking the new bonds at par). The bonds are currently selling around 92.

The preferred stock, obtaining at least three shares of the new common, might thus be worth around 75, it is conjectured, compared with the current price around 48.

The plan, somewhat similar to that of Standard Gas, might of course encounter difficulties and delays in the courts, assuming that the SEC first approves it.

Associated Gas & Electric Corp. debs.
Wolverine Power 4½s 1959
American Gas & Power 3-5s & 3.6s 1953
Crescent Public Service 6s 1954

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Coming Adjustments In Our Foreign Trade

(Continued from page 1483)

represented by the trade passing through here after the war that national prosperity or depression will depend. And considering the vast necessities that will be present in this country for employment, for goods and for the use of a great industrial plant, our margin of foreign trade, while relatively small, will be the critical balance on which our well-being may well depend.

It is good that leaders in the shipping industry are looking ahead toward the improvement of this great port. Basil Harris, president of the United States Lines, speaking for the Propeller Clubs of New York last year, forcibly called attention to a number of basic facts. He pointed out that while the speed of ocean-going ships prior to the war averaged ten and a half knots, the average speed in the post-war era will be in the neighborhood of fifteen knots.

Mr. Harris made another vitally important point. The awful destruction visited upon such European ports as London, Cherbourg, Bremen, Rotterdam and other ports promises them at least one post-war advantage. The rebuilding of a city or port under modern conditions is a comparatively rapid process. When these ports are reconstructed, they will be built according to the latest designs. Their facilities for loading and unloading will be unparalled. Our Port of New York, untouched by the ravages of war, will on the other hand, carry the marks of antiquity. That ironical fate we must avoid by a program of modernization. Mr. Harris proposed $2,000,000,000 for the modernization of this port. It is a suitable purpose for any major public works program; it is essentially a responsibility of the nation as a whole, and it would be the most prudent of public works, since it would be abundantly self-liquidating. It would provide jobs and industrial activity and, best of all, would keep the United States in line with the maritime industry of the world.

Post-War Foreign Trade

I am not going to indulge in prophecies about the amount of our foreign trade after the war. There are many such estimates—some modest, some utterly too hopeful. But what we know is that in the business that will follow this war, foreign trade is certain to play a very large part. The important thing is not to indulge ourselves in estimates, but to set to work now to develop the changed national viewpoint which will make a large increase in foreign trade possible. That is a task to which business, labor and government can well devote their united strength.

It is a hopeful sign that in both political parties there is developing an increasing interest in foreign trade and, in consequence, a recognition that the modern position of the United States in the world makes it necessary that we reconsider many of the tariff policies of the past. Under the great leadership of Secretary Cordell Hull, this change of attitude has taken form in our reciprocal trade policy. That policy was sound, but in its beginning it was experimental, tentative and modest. But now that American prejudices in favor of higher tariffs are subsiding before the great facts of American efficiency and necessities, we may more resolutely proceed in the direction of enlarging our imports. A test of opinion on this subject will come later this spring, when the Reciprocal Trade Agreements Act comes up for renewal. If the vote is close, it may mean that the Administration will hesitate to move resolutely toward a larger exchange of goods. If the vote is by a wide margin, we may expect sentiment in both parties to move progressively toward a real reconsideration of our tariff policies.

Imports and Foreign Loans

We hear a good deal about increasing our exports, but not so much about the necessity of imports. It is time for a considerable change in this emphasis, if we are to take steps in the direction of making it possible to liquidate our prospective post-war loans.

But in our preparations for post-war responsibilities, we must break off the habit of delay. Too much of our financial machinery consists of an apparatus for putting things off. A great part of our credit system consists of means of postponing payments through notes, mortgages and the like. The financing of foreign trade seems to be arranged in the same spirit of delay, and in that trade the parties are farther apart. Decisions are postponed, procrastination governs our actions and all too often we postpone settlements until they can no longer be made without defaults. These delays in the past, which were largely due to the complicated machinery of international finance, resulted in some very serious international problems. The weight of our trade balances became so heavy that collapse finally resulted. Depression swept the world, and war came in its wake. There is nothing new in this deadly cycle. Philip II. of Spain long ago decided to have done with all of the financial machinery involved in his foreign borrowings and he simply repudiated, throwing weaker countries into chaos and ruin.

The danger of postponing settlements in foreign trade is similar to the old habit of long delayed reparations after a war. The fact is that the longer actual payments of reparations are deferred, the greater the danger is that no reparations will be paid.

We must, as Americans, resolve to walk squarely up to these questions of how we are going to be paid for our exports and face them honestly. Republican Senator Wherry of Nebraska gave some sound advice to his party in a speech in January. He said, "If we are going to sell abroad, we must buy abroad." And I would add to this statement of Senator Wherry that if we are going to **lend** abroad, we must accept goods from abroad.

We Should Import More

We are going to need more from the rest of the world than we have ever needed before. We have scraped the bottom of the barrel in many of our resources. Some of our resources of which we still have considerable quantities, such as our forests, might well be given a rest in order that they may grow again. We shall have to import more zinc and lead, more iron, petroleum and timber. The development of our new industries which will follow the war will require much more of materials than we have, in the past, imported in small quantities, such as manganese, nickel, wool, vegetable oils and oil seeds, pulp and paper. The list is extensive and impressive.

There are a few items, such as rubber, of course, in which the process will be reversed, but the trend will be toward large imports of raw materials.

We will have to do some importing of things that we shall need for essential defense, such as the elements necessary for steel alloys. Our stockpile should be here and not in Arabia or Central Africa.

There are other offsets to trade—things which have traditionally helped us to balance our accounts. There is foreign travel, for example. There will be more of that. There will be foreign investments which leave money abroad. All these factors will still leave room for greater imports of luxuries and goods of general utility, and our tariffs always must be adjusted to take account of them.

Tariff Thinking Must Change

But the greatest necessary adjustment must be in our thinking. The great argument for high tariffs in the past has rested on the fallacious belief that there is just so much work to go around. Our thinking on this subject has looked upon work as a constant and sterile substance which, having been measured and weighed, need not be measured and weighed again. But the amount of work in the world is not a sterile and unchangeable commodity; it is a vital organism capable of growth. We shall have to revise the thinking on the basis of which we have sought shortcuts to limited employment, such as shorter work weeks and other share-the-work plans. We shall have to revise the belief, so widely prevalent in this country, that if somebody else makes any kind of goods which can be made here, then somebody here loses his job.

It is time that we realize that there is no limit to the quantity of the many things we could import and consume in this country and, on the other hand, that there is no limit to the amount of goods in the production of which we unquestionably excel—goods that are made in accordance with the highest standards of efficiency the world has ever seen.

Adjustments Should Be Gradual

If we are going to bring about this readjustment of trade, of our laws governing trade and of our past and obsolete thinking which lies behind those laws, the time to do it is when European production is being slowly and gradually resumed. If we take time by the forelock and prepare now for this new era in our economic policies and thought, the amount that we will have to accept will be small at first and increase only gradually. That is because European production must, of necessity, be slow in moving back to its normal capacity. In dealing with our tariff laws we might well learn a lesson from the philosophy of Secretary Hull, which viewed tariff adjustments as a matter for progressive action. The Tariff Act of 1933 provided for five biennial reductions. Such a progressive plan makes it possible for business to anticipate changes, plan ahead and meet slowly increasing imports with new programs of essential production.

Our adjustments to reductions in tariffs may not be as great as we think. Our merchandise imports came pretty close to balancing our merchandise exports from 1922 - 29. Indeed, if the growth of our foreign trade had continued from 1929 at a steady rate, we would not now be viewing the trebling of our peacetime trade as a distant goal. We would already have attained something like that proportion.

What Makes a Prosperous America?

A good deal has been said for the view that a prosperous America is the best single guarantee of a prosperous world. But this statement, however true, needs to be spelled out in terms of what it takes to make a prosperous America. A prosperous America is an America going forward, with investment at home and investment abroad, with confidence in the essential friendliness of its government, with confidence that there may be profit in trade and in international finance, with confidence that obligations, public and private, will be honored.

We talk of how a prosperous America can carry the benefits of its prosperity to other countries. How can we do this best? Should we merely tell them that they ought to raise their wages, or should we enable them to engage in a trade so profitable, through buying their goods, that their wages will increase as a natural consequence?

The grim handwriting is on the wall for everyone to see. Unless we do arrange in some way to obtain payment for our goods—and now is the time to start arranging for that—then we risk having to go through the experience of another great series of defaults. Once more, we may have the bitter experience of unpaid debts, of hard feelings between nations, of a paralyzed trade and of the unpredictable results beyond. I have spoken of the danger of another series of defaults. Three of these have already come within the memory of most of us.

The first consisted of those debts to American private investors contracted abroad in the 1920's. Not all of these failed, by any means, but a lot of good American money went down the drain.

The second series of defaults took place in the early 1930's. They were the debts of our government by other governments, contracted during and after the first World War. This series of defaults led to the passage of the Johnson Act, which was the expression of a country which was sick and tired of all dealings with foreign nations. It was a gesture of isolationism, but to be perfectly frank, it was a gesture which rose out of despair, anger and disillusionment.

The third series consists of lend-lease obligations which we are probably going to forgive in large part, as a portion of the cost of winning the war.

Avoid Future Defaults

Let us not go beyond this and permit defaults to occur in a fourth series of loans—loans which are proposed in such institutions as those suggested by Bretton Woods. Let me make it clear that I am not objecting to these loans. I am trying to make the point that when we make them, we must adjust our economic thinking to a proper means of permitting those loans to be repaid.

Let us face these problems squarely. Let us admit that if we are going to lend abroad, we must buy abroad. Let us put our tariffs in such order that we can accept payment in the only way in which payment can be made. Let us make loans to Europe, not necessarily out of our generosity, but out of our business sense, because Europe will need loans for her reconstruction. The impoverished countries over there will need, on the physical side, industrial and transportation equipment, building materials and tools of every kind. A Europe rising from her ruins will be a good customer, and a good supplier of valuable products to us, if we are willing to accept them in payment for what we sell.

In our attitude toward countries which, in the past, have been, in the main, merely suppliers of raw materials, let us encourage them in their efforts to develop an industrial system. Always remember that our greatest volume of trade has always been with nations industrially developed—not with poor and backward countries. The great economic paradox in international affairs is that our greatest benefits come from countries which are our natural competitors.

Once our thinking is adjusted to these principals, we need not spend our time and energy talking of employment first. Employment is a result and not a cause. Employment will come from increased confidence among nations, from a sound maintenance of international credit and, above all, from the promises of a lasting peace.

That, of course, is the theme to which all thoughts return—a lasting peace. And it is the thought of lasting peace that brings my mind back to the fact that this important and delightful occasion is taking place in the Port of New York, which has been changed so much by war, and which has so much at stake in the establishment of a just and lasting peace and in the world-wide prosperity which can be made to follow.

There are thousands of New Yorkers like myself who have more than the American's normal interest and pride in the fame and fortune of this, the world's greatest seaport. We have a sentimental attachment to this harbor and its metropolis because it was to the Port of New York that our forebears a century or more ago came to seek, and to find, spiritual and political freedom and economic substance for themselves and their descendants. I think it can truthfully be said that more people from all sections of Europe entered the land of opportunity through this magnificent and thrilling gateway than through all the other American ports put together.

Yet twice within living memory we have seen the unmatched facilities of this ocean terminal turned aside from their proper purposes and devoted to the agony and destruction of war. Twenty-five years ago there left this port thousands upon thousands of young Americans bound for Europe or the open seas in defense of their country. And in the past four years not thousands but millions of the finest of our youth and many thousands of our young women have left this port to fight in every theatre of war, be it land or water. This is sad to relate. Even sadder is the fact that many of them will not come back. I pray, as we all do, that never again will the Port of New York be used to send either men or supplies to wars in other lands, but that for centuries to come it will be a port of entry for unnumbered thousands bound for a better life in our wonderful land.

I know this will also be the prayer of our young warriors as their returning transports steam up the harbor past the Statue of Liberty. God grant they may have that welcome sight before many months have passed.

Janis, Bruell & Evans Formed in New York

Janis & Bruell announce the formation of the partnership of Janis, Bruell & Evans to continue general practice as accountants and tax consultants with Peter Guy Evans, certified public accountant of New York and New Jersey, member of the New York Bar and specialist in taxation. The firm's offices are located at 11 Park Place, New York City.

Partners are Ralph R. Janis, Frederick M. Bruell, and Mr. Evans, all certified public accountants.

Herbert E. Scott With A. E. Ames & Co., Inc.

A. E. Ames & Co., Incorporated, 2 Wall Street, New York City, announces that Herbert E. Scott has joined their organization.

Taxable Electric Utilities Vs. Exempt Federal Projects

C. W. Kellogg Says $703,000,000 in Taxes or 23.79% of Revenues Was Paid by Private Electric Utilities in1944. Holds TVA Would Have Had Deficit of $10,900,000 if Compelled to Pay Taxes and Interest.

Contrasting the relative freedom from taxes and interest charges of Federally owned electric projects to expenses of this kind borne by American business, C. W. Kellogg, President of the Edison Electric Institute, made known yesterday that the nation's light and power companies paid taxes totalling $703,000,000 in 1944.

C. W. Kellogg

Federal taxes, equivalent to 15.84% of gross revenues of $2,955,000,000, amounted to $468,000,000. State and local taxes were equivalent to 7.95% of gross and aggregated $235,000,000. The combined tax on the industry was 23.79%.

Total income for all the companies was up $135,000,000 over the preceding year, but the net generally suffered a loss. The total tax increase was $23,000,000. The breakdown of Federal taxes showed $55,000,000 for 3% excise tax (residential and commercial); $12,000,000 miscellaneous, and $401,000,000 based on income.

Mr. Kellogg pointed out that the $468,000,000 Federal tax borne by the electric companies is in sharp contrast to the absence of any Federal tax paid by Government-owned electric projects. As one example, he said that if TVA had been taxed the same per cent of its power revenues as the electric companies, it would have paid more than $5,500,000 to the Federal Government on its 1944 power business of $35,200,000.

A much larger item which he cited as not paid by TVA is interest. For the last fiscal year the "proprietary interest" of the United States in TVA, as indicated by the annual report of the Secretary of the Treasury, averaged $596,000,000. Interest on this at 2% would have amounted to $11,920,000.

These two items of interest and taxes not paid by TVA, totalling $17,420,000, would have, if paid, Mr. Kellogg pointed out, thrown TVA into the red last year about $10,900,000, instead of permitting a black figure of $6,600,000 on its combined operations, as indicated by its last report.

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NEW ISSUE

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April 4, 1945.

The Reserves of the Federal Reserve Banks

(Continued from page 1482)

proximately 22.7 billions of dollars in December, 1941, our gold stocks have shrunk about two billions or to about 20.7 billions as of the end of 1944. Practically all of this decline has been since January, 1943.

The increase in the volume of required reserves is the result of an expansion of the note and deposit liabilities of the Reserve banks. Basically this is traceable to the enormous increase in the volume of money in circulation and to the expansion of member bank demand deposits, both of which led to a depletion of the excess reserves of the member banks. To keep these excess reserves from falling to a dangerously low level (which the Board of Governors apparently considers, during this period, in the neighborhood of one billion dollars) the Reserve banks have expanded credit, largely through the purchase in the open market of Government (and Government guaranteed) obligations. Such operations increase the deposits in the Reserve banks which are owned by the member banks; in other words, the reserves of the member banks. Having their excess reserves thus constantly replenished, the member banks were in a position to meet the continued drain on them for cash by their customers by "cashing-in", so to speak, their excess reserves. This process reduced the deposit liability of the Reserve banks, but increased their note liability, since cash disbursements were largely in the form of Federal Reserve notes.

While the war, or events directly traceable to the war, undoubtedly account for our gold losses, for the expansion of member bank deposits, and, to some extent, for the expansion of the volume of money in circulation; it is by no means a certainty that the end of the war will reverse these trends. Much of our gold is held for the account of foreign governments, corporations and individuals. With the return of a more settled world condition, funds now impounded will be released, and much of this gold will be repatriated. A further loss of gold might result if this country followed a policy of freer trade after the war. There is no reason to assume that the conditions which gave rise to flights of capital to this country prior to the war will exist in the same acute form after the conflict; or that our ultra high tariff policy will be continued. On the contrary there is a growing body of evidence to indicate that these pre-war conditions will be substantially modified.

Whether or not demand deposits of member banks and the volume of money in circulation will continue to expand after the war is problematical. Much depends on the ability of the Federal Government to balance its budget. If the Federal debt continues to expand the commercial banks will probably continue to acquire governments in the open market. This would result in an expansion of deposits, and contribute in multifarious ways to a further growth of the volume of money in circulation.

Since the trends of events which have resulted in the depletion of the excess reserves of the Reserve banks show no evidence of tapering off during this war period and may continue even after the end of hostilities, the question of a solution (or solutions) is in order. Only two measures are believed really practical: (1) substitution of Federal Reserve bank notes (National Currency) for Federal Reserve notes, and (2) reduction of the Federal Reserve banks' reserve requirements.

[*Subsequent to the writing of this article by Professor Pritchard, Senator Robert Wagner of N. Y., introduced a bill (S. 510) to lower the ratio of reserves against both Federal Reserve notes and deposits to 25%, these reserves to be in the form of gold certificates.*—Editor.]

Both of these procedures require, or should require, legislation; and both should be accompanied by a further grant of power to the Board of Governors to raise the required reserve ratios of member banks above their present maximums.

Step (1) would not be of any assistance to the Reserve banks unless these notes were carried on the books of the Reserve banks as assets. This can only be done when the notes are in process of retirement, in which event they become a Treasury rather than bank liabilities, and can be properly counted as a part of the legal reserves of the Reserve banks.

Of the two procedures step (2) is the more orthodox (and therefore the less controversial), and should provide an adequate near-term solution to the problem of excess reserves.

Step (1) raises questions with respect to legal tender and lawful money (in the technical sense) and the use of such money to "dilute" the reserves of the Reserve banks. However, this method would not only provide a "banking" solution to the problem of excess reserves, but its extention opens up breath-taking possibilities in other respects; notably in the management of the national debt, and the elimination of the need for gold certificates, and, therefore, gold, in our domestic banking structure. Because of the far-reaching implications involved in step (1) I shall discuss it in some detail.

The original act setting up the Federal Reserve System gave to the Reserve banks the privilege of issuing Federal Reserve bank notes up to the face value of direct obligations of the United States Government deposited by such banks with the Treasury. Such notes were definitely made the liabilities of the procuring banks. Up until 1933 all full legal tender money was also lawful money for reserves in Federal Reserve banks. Until that date Federal Reserve bank notes were neither legal tender or lawful money, and they were not treated as lawful money until after provision was made for their retirement in August, 1935. To have treated them as lawful money for reserves against deposits in Federal Reserve banks would have constituted an accounting monstrosity — a confusion of assets and liabilities. Obviously the intent of the law was to make the Federal Reserve bank notes a liability of the procuring banks at the time of their issuance, and a liability of the Treasury (and therefore a proper asset reserve of the Reserve banks) while they were in process of retirement.

By a process of financial abracadabra the Treasury has issued approximately $660,000,000 of these notes beginning in December, 1942, making them, by a manipulation, a liability of the Treasury at once. They became, as a consequence, lawful money in Federal Reserve bank reserves. The notes are thus being "retired" before they have been issued. This practice has been sharply criticized on the grounds that it amounts to the issuance of fiat money, that it is a deceit and a fraud on the American people, and if carried far enough, will lead to an inflationary deluge such as engulfed Germany in 1923.

Undoubtedly the practice constitutes a form of deception, and objection might be taken to this procedure because it is a subterfuge; but not because it is unsound. There is a traditional, but not a scientific reason, for the treatment of notes issued against United States bonds as liabilities of the procuring banks. Prior to the establishment of the National Banking System (and to some extent afterwards) the bank note performed a function similar in many respects to that performed by the demand deposit today, namely the bank note was the mechanism by which commercial banks created credit. No one who understands the processes by which demand deposits are created (or bank notes prior to their replacement by the check as the principal means of effecting payments) would deny that either the earlier bank notes, or present day demand deposits should not be considered a liability of the banks issuing or creating them.

Since 1933, however, all types of currently issued paper money are actually, if not technically, direct obligations of the United States Government. There is thus no basis in fact for the assumption that interest-bearing pieces of paper issued by the Treasury should be considered a legitimate asset of banks, while non-interest bearing pieces of paper issued by the Treasury should be considered liabilities of the banks. The fact is immaterial that the United States bonds against which Federal Reserve bank notes are issued must be owned by the Reserve banks, and that the initiative for their issuance formally comes from the Reserve banks. Security for both notes and bonds is predicated exclusively on the credit standing of the United States Government.

The present legislation covering the issuance of Federal Reserve bank notes expires next June 30, 1945. When it is renewed, Congress should specifically provide that all Federal Reserve bank notes shall, at the time of their issuance, constitute a liability of Treasury and can, therefore, be used as a reserve asset against the bank's deposit liabilities. Such legislation would provide Congressional sanction for what is already an extensive Treasury practice. It would eliminate the stigma attached to the present financial legerdemain.

This process by which the Reserve banks buy government bonds and then procure Federal Reserve bank notes from the Treasury of equal amounts has all the earmarks of "financial perpetual-motion." When a government bond is purchased a demand deposit is created by the bank, title to which is vested in the seller of the bond. When the bank has Federal Reserve bank notes issued against this bond, another demand deposit is created, title to which is originally held by the Treasury. Since the notes may be issued up to the par value of the bonds, demand deposits tend to increase approximately twice as fast as reserves; or reserves created by this process are roughly 50% of deposit liabilities. Since the required reserve ratio against deposits is 35%, it is obvious that the process of buying bonds and having notes issued against them results in an ever increasing amount of excess reserves in the possession of the Reserve banks. From a purely banking standpoint the ability of the Reserve banks to buy government bonds would be inexhaustible; indeed it would be greater after the purchase of any given quantity of bonds, and after notes have been issued against them, than before.

However, as previously indicated, this process also results in an increase in the reserves, and therefore in the excess reserves of the member banks. Such an increase in the credit-creating potential of the member banks might have disastrous consequences to the economy if it were not offset by another Reserve policy. The simplest method of countering this threat would be for Congress to make a further grant of power to the Board of Governors to raise the reserve ratios of member banks above their present maximums to any required level necessary to offset the expansion of Reserve bank credit.

It can be seen that by this process the whole floating debt of the United States Government could be acquired by the Reserve banks. By reverting to an extension of the earlier franchise tax principle the Federal Government would then be in the position of paying interest on the bonds held by the Reserve banks with one hand and taking it back in the form of a franchise tax with the other. The servicing and management of the national debt would then be reduced to so simple a problem it would not even tax the ingenuity of the bookkeeping assigned the task of making the necessary debits and credits.

The use of the Federal Reserve bank note in this way as a device to monetize enough of the national debt so that the remaining amount would not prove burdensome to the country would, undoubtedly, be opposed by those financial blue-noses who believe that we should be made to suffer the consequences of our past financial sins; and who might resent being forced to exchange highly esteemed earning assets for non-interest bearing deposits. It should, on the other hand, be welcomed by those students of the problem who do not assume that the end of the war will mean an end to deficit financing; who realize the deflationary effects of debt redemption, and the repercussions of this on business activity; and who are aware of the tremendous difficulties (if not the impossibility) of servicing, for an indeterminate future period, a debt of 300 billion dollars or more within the framework of the free private enterprise system.

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April 5, 1945.

The Bretton Woods Marriage Proposal

(Continued from page 1482)

acrimony, but so far there has been a disposition to keep discussion at room temperature. No one denies the desirability of the ends sought. Stabilization of currency throughout the world is like mother love—everyone is for it. The only difference in opinion arises over how best to promote it.

Some would have us believe there is no middle ground, that all the good forces are on the side of the plan exactly as is and that anyone who wants the slightest change is suspect and allied with predatory interests. In reality, however, the Bretton Woods proposal is an appropriation measure involving billions of dollars of tax payers' money. Our country is putting up the lion's share of the capital in this very complicated international venture.

Other countries have not acted. Obviously, they are waiting to see what final proposal will come from our Government. In such proposals involving the marriage of the American dollar with the energies and business of other countries, those countries would be less than human if they were unaware of the American dowry which would go with such a union. There is reason to believe they will consider a plan approved by Congress just as carefully as a tentative plan suggested at a conference. Congress has the power and the full responsibility. There is evidence that members of both Houses want to have a good look before they act since they will bear the blame if the program has serious defects.

The Bretton Conference brought forth a proposal for two separate projects, a Fund and a Bank. In each case, the program contemplates spreading low-cost money throughout the world with Uncle Sam putting up the big share of the credit, either through the front door or the back door.

In examining the list of delegates at Bretton Woods, we find that with one or two exceptions, bankers were conspicuously absent. The business was taken over by a type of monetary expert known as a technician. Broadly speaking, "technicians" gave the party and invited the guests. They set the background. The result was a "technician's plan" rather than a business man's plan. This is especially true of the Fund.

Since the plan was shaped up by technicians, the thoughts of business men and bankers could not take form until final drafts were made available for study.

Watching developments from the sidelines, business men were impressed with the fact that representatives of 44 countries had met together in one room to consider a vital subject. Outspoken critics of certain details of the plan have referred to this fact as a priceless framework not to be lightly discarded. It is realized that isolationism in banking is behind us just as in other things. These considerations have prompted banking and other business groups to give most serious thought to our place in international finance. Bankers are not out to sabotage Bretton Woods.

It would be most unfortunate if pride of authorship or fanaticism of support should result in an attitude of "take it or leave it." This would be unfair to the people of this country whose credit is involved, unfair to the members of Congress who must look at all factors, and unfair to the business men who must operate under the plan. Whatever family disagreements may result from "who gets what" in our own country, certainly beyond the confines of our borders the American dollar becomes the familiar "cartwheel" whose welfare is a common interest of all.

In the words of Lord Keynes, delegates at Bretton Woods did not necessarily recommend that governments adopt the result. They merely submitted it for what it was worth to the attention of the governments and legislatures concerned. This surely is not "take it or leave it" language. Furthermore, the scope of the program is so global and far-reaching as to remove it from the personal interests of citizens of this country beyond their desire to see that Congress acts wisely for the good of all.

Some proponents are almost hysterical in their insistence that the final stone has been added to a structure which must not be tampered with and which, if approved without change, will usher in the millennium. Our Congress, however, controls the purse strings. That body and citizens generally are asking some questions.

International Bank

The Bretton Woods Bank reflects the type of prudence and management which appeals to business men. The United States would subscribe to 31% of the stock in this 10 billion dollar enterprise. Of the latter amount, 20% is to be paid down while 80% would be subject to call to make good on guarantees. In the present market, guaranteed loans would probably be floated largely in this country since we are one of the few people with money to invest abroad. It is conceivable, therefore, that our Government would not only put up 31% of the original capital, but that our citizens would hold most of the guaranteed securities sold to provide capital for international lending. Few can deny that under the Bank we would be turning over billions of dollars of our credit to an international body.

Bankers feel, however, that the conditions under which loans are to be made by the International Bank would be such as to encourage constructive spending abroad. Commitments are limited to wealth producing projects and are to be made only after careful study. There is no open-end obligation. Each country knows approximately what its total share of losses might run. It is true that under the Bank the United States would be putting up the lion's share of the money; in the end, probably more than all the other 43 countries combined. Furthermore, at a time when other countries were subscribing to stock in the Bank, we might well be making them separate and direct loans. This further emphasizes the extent to which our credit becomes the mainstay in the Bank. Rumors also persist of foreign governments continuing to seek many billions from the United States wholly apart from any operations of the Bank.

Business men feel, however, that failure to participate in such an international Bank would, on balance, retard international cooperation. They feel that through the Bank there could be carried on consultation and collaboration so necessary in dealing with financial problems facing the world.

The Fund

It is noticeable that the word "stabilization" has been taken out of the Fund. The latter, once spoken of as a technical project for currency stabilization, more clearly shapes up as another lending device. Currency stabilization seems a harmless term. But the plan under the Fund embraces a clearing house system whereby in reality this country extends more or less automatic overdraft privileges to countries throughout the world. It is at this somewhat open-end line of credit under the name of stabilization which business men shy off. They insist that no nation but ours, now or in the past, would do what is suggested for us. They do not contend this should be a reason for seeking modifications of the plan, but they do feel it is reason to stop, look and listen.

As with the Bank, the United States puts up about 30% of the capital. After studying the allowances about subscriptions of gold, and considering that we shall be helping many subscribing nations through the side door, it is apparent that a very large share of the credit will come from the United States. Not overlooking the restraints upon overdrafts, the fact remains that dollars will be the scarce currency and all other nations will be able to get far more dollars out of the Fund than they put in through valid currency.

Americans are generous with their money and this idea might not be entirely objectionable. But what makes bankers and business men shudder is that for the first time in the history of the world outside of a completely socialistic system credit becomes automatic and pro rata. No nation, no corporation, no family is rich enough to stand up for long under a system of this kind. Children of the same parents, in the same household, have different will and capacity to pay. If each is sovereign and has certain credit rights, the family exchequer will soon hit rock bottom. When it does, the "parent" will be disliked more than if he had never started such indulgence.

The right of a nation, or of an individual to political security should stand on equal footing with that of any other nation or person. Credit standing as between individuals or as between nations such as Liberia and Canada, cannot be placed on any such automatic or pro rata basis. Extension of credit is not a technical matter. It ultimately gets down to five and 10 dollar transactions which can be understood by all.

Important questions for the Congress to decide are:

(1) Should we add two more foreign lending projects? We already have Lend-Lease and the Export-Import Bank. Why not start out with the Bretton Woods Bank and see how that works? By simple changes, stabilization of currency can be undertaken by the bank. Some contend the bank as set up already has power to stabilize currency.

(2) In the Fund as now proposed, are we getting into worldwide financial obligations leading to commitments under which our credit may eventually crack?

(3) Should we extend all the credit before knowing about peace terms or what total amount we will be called upon to advance?

In conclusion, the program to be adopted by Congress should not be a technician's plan or a banker's plan. It should be a prudent plan for extension of credit and currency stabilization under management of a tested experience. It isn't just the by-laws of a bank that counts, it's the men running it.

We must not give our country away either to our own citizens or those of any other country. If our soldiers aren't the best, if our factories aren't the best, if our business and banking practices aren't the soundest and best, we shall not long stay in our present preeminent position. It is a good thing for business men and bankers to study the Bretton Woods plan and to express their views decisively. If their judgment is without value, if they lack the "know how" in the foreign field, we will be sunk as far as international finance is concerned. Just loaning money won't save us.

Make no mistake, the marriage proposal advanced under the pleasant surroundings of Bretton Woods involves one of the greatest decisions this country will be called upon to make. Once we have put the dollar back of the currencies of the world, we can't back out. This marriage is for keeps.

Action on the plan as it now stands should not be based upon the pride of authorship of a limited number of technicians, nor upon the American emotional tendency to do good without counting the cost—but upon a deliberate analysis of each phase of this exceedingly important commitment. The Bretton Woods Bank stands up under such analysis. The Fund with its automatic credits does not.

5 Named to N.Y. WFC Executive Committee

In preparation for the Seventh War Loan, starting May 14, Frederick W. Gehle, State Chairman of the War Finance Committee for New York, on Mar. 24 announced the election of five new members to the WFC Executive Committee.

The new members, all of whom serve or have served the War Finance Committee in various capacities, are: John P. Stevens, Jr., William E. Cotter, Edward H. Letchworth, Lewis E. Pierson, and William Richmond, whom Secretary of the Treasury, Henry Morgenthau Jr., last week appointed WFC executive manager.

Mr. Pierson is the retired Chairman of the board of the Irving Trust Company; Mr. Stevens is President of J. P. Stevens & Co., Mr. Letchworth is a member of the Buffalo law firm, Kenefick, Coke, Mitchell, Bass & Letchworth; and Mr. Cotter is associated with the Union Carbon & Carbide Co.

Nevil Ford is Chairman of the Executive Committee, whose membership includes Winthrop W. Aldrich, Mrs. Courtlandt D. Barnes, Henry Bruere, W. Randolph Burgess, Willard K. Denton, Guy Emerson, Walter S. Gifford, William M. Holmes, John T. Madden, Bayard F. Pope, Miss Rose Schneiderman, Herbert E. Smith, Allan Sproul, William R. White, and Mr. Gehle.

Mr. Gehle also announced that Mr. Cotter, in addition to his present position of Chairman of Commerce and Industry for the War Finance Committee, will serve as New York County Chairman. William E. Boyland will serve as Chairman of the Bronx, and Hon. Paul Livoti as Campaign Chairman of Queens, Mr. Gehle said.

In making known the new appointments, Mr. Gehle said:

"Our executive committee now includes among its membership a group of men and women who have to their credit distinguished accomplishments in their own fields as well as on behalf of the public interest. With so outstanding a group to guide us, I am extremely confident that New York State again will outdo itself in meeting the Seventh War Loan quota of $3,959,000,000."

For further information dealing with the part New York State will take in the Seventh war loan drive see "Chronicle" of Mar. 15, page 1192.

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy. any of such securities. The offering is made only by the Prospectus.

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Price $15.25 per Share

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OTIS & CO.

(Incorporated)

April 3, 1945

Inflation or Deflation In France?

(Continued from first page)

can be had only on the black market. Yet responsible State officials have said publicly that France has suffered no more inflation than England or the United States, which is very little by French standards.[2] Finally, Jean Francois heard last autumn that his government had a deflationary program under way. Let us see whether this chaotic picture can be restored to some sort of order. It is, of course, the more recent situation in which we are primarily interested and to which most attention will be given.

This article will attempt to supply the answers to such questions as: How much inflation has France had? Should France have deflated, like Belgium? Is the recent financial policy of France sound?

Money and Banking System of France Sketched

For the benefit of the lay reader, a few high points of French finance should be made clear at the outset.

Before 1914, France had a gold standard similar to our own. The franc was worth 19.3 cents. France early abandoned the gold standard and did not return to it until 1928 when the franc was given a value of 3.9 cents. Our devaluation in 1934 raised the value of the franc to 6 cents. France clung to the restored gold standard throughout nearly all the depression because of recent memories of unstable paper monies. But the rest of the world left the gold standard, and the pressure of devaluations by other countries finally forced France off in 1936. Her currency then depreciated by stages until at the time of the German invasion in the spring of 1940, the franc's exchange rate averaged 2.1 cents. During the period when France was occupied the official English rate was 176 to the pound; the American rate, 44 to the dollar.

The French banking system differs rather sharply from our own. Whereas we pay 90% of our bills by means of checks drawn on deposits, the French make comparatively little use of the check system and pay most of their bills with bank-notes, somewhat as we did before the Civil War. Whereas we do much business by open or charge accounts, French firms are more often required to give promissory notes or accept drafts. These notes or drafts are then discounted or rediscounted at the Bank of France to get the bank notes needed. All paper money is issued by the Bank of France. Thus bank deposits are a less significant index of inflationary pressure in France than in this country. In 1939, note circulation in France was nearly four times demand deposits but in this country money circulation was only one-eighth of demand deposits.

The French are as little inclined to balance their budget as we are. Whereas our government secures the needed additional funds by selling bonds, often to banks in return for increased bank deposits, the French government sells bonds to the Bank of France and takes its pay in the form of Bank of France notes. While this is an oversimplified description of the procedure, it contains the underlying principle. The basis of the inflation is bank credit in both instances; it is merely the form of the bank credit that is different.

The French peasant continues to be thrifty and to hoard money despite his extensive experience with inflation during the past generation. This is surprising in view of the chief lesson usually taught by inflation, namely: "What you save you lose; what you spend you have." It was estimated that in September, 1944, a third of the 600 billions of francs outstanding was in French socks, mattresses, and other hoarding places.[3]

Financial Developments in World War II

Two factors have conspired to cause a noticeable rise in prices in France, namely, a sharp increase in the amount of money in circulation and a drastic reduction in the amount of goods and services available. The German occupation has been primarily responsible for both conditions. Either one by itself would be inflationary; the damage done by both existing simultaneously has been very serious.

German Occupation Costs

Occupation costs amounted to about 130 billion francs in 1941, 126 billion in 1942, 183 billion in 1943. While Laval was in control in Vichy, the Bank of France issued about half a billion francs each day, largely to pay this occupation bill. The amount was to be increased to three quarters of a billion daily in 1944.[4] The note circulation of the Bank of France grew from 151 billion in 1939 to 500 billion at the end of 1943 and close to 600 billion by D-day.[5] Bank deposits tripled by February, 1944. Obviously, this manner of financing occupation costs was inflationary in the extreme. It has been estimated that the annual cost of World War II and the annual cost of World War I were the same for France.[6]

Bad as this turning of the printing presses was, it was accompanied by an even worse condition. The Germans carried off much of the wealth of the country. During the invasion German soldiers were forbidden to send home the military currency which they were paid, for their families to spend. The result was that they spent it where they could in France, and sent their purchases home. When the Germans ceased using their military currency and began forcing the French to issue French currency, the method of looting the country was only slightly changed. According to the Office of War Information, only one third of the occupation charges was needed to pay the expenses of the occupying troops. The other two thirds were employed to buy up French mortgages, securities, supplies and food and send them back to Germany. France was stripped of much that could be carried away. An estimated two and a half million French prisoners were kept in Germany as slave labor, with the result that production in France was severely handicapped.

Furthermore, the Germans requisitioned vast quantities of supplies and required French industries to convert to war production. In November of 1943, De Gaulle's Committee asserted that the Germans had requisitioned 140,000 horses, 212 million gallons of wine, 2 million tons of wheat, 2 million tons of fodder, and 500,000 tons of meat. In addition, they had taken almost all the production of automobiles, bicycles, chalk, and cement; three-quarters of the output of the metallurgical, aeronautical, and naval construction industries; half of that of other industries; and that three quarters of all public works being constructed were for the benefit of the Germans. Some of these goods were paid for at bargain prices but even so, when the Germans were driven out of France in the summer of 1944, they owed the French 100 billion francs for goods they had never paid for.[8] And, of course, Allied bombers destroyed French factories and railroads to some extent. According to Sonia Tomara, France had 116,000 railway cars before the war; under German occupation the number was reduced to 47,000, and when the Germans left, only 7,000 cars remained in the country. An optimistic recent calculation puts France's rolling stock at 40% of the prewar figure. In any event, it is estimated that 11,000 cars are needed to feed the country alone, not to mention the many other supplies that must be transported. This explains in part why soldiers tell of plenty on the farms of Normandy but poverty and undernourishment in some of the cities. According to the National Institute of Hygiene over half the babies examined in Marseille had rickets, and there has been a sharp increase in bad cases of tuberculosis.[9] It was "estimated" in September that because of transportation difficulties and manpower shortages production in France had fallen to 20 per cent of the prewar figure.[10]

American "Flag Money" Further Complicates the Situation

As if all this were not enough, our government clumsily added a further complication. The United States was unwilling to recognize General De Gaulle's National Committee of Liberation long after England would have been willing to do so. It does not matwhether this was owing to a personal feud between De Gaulle and Roosevelt, or whether it represented a too literal interpretation of our announced policy that liberated peoples should have a free opportunity to choose their postwar governments. What counts is the fact that we recognized no French government. Issuing money is a mark of sovereignty. To use the money which the French Committee had ready to supply our troops before D-day would have been to recognize the French Committee, so we insisted on supplying our own military currency. This was the famous "flag money", so-called because it bore the French tricolor surrounded by the French words, "Liberte, Egalite, Fraternite." The notes looked like Bank of France notes to the uninitiated, but nowhere on them did they say who issued them or who would redeem them. A total of some 80 billion francs of such money was issued for use by our troops, much to the annoyance of the Free French.[11] General De Gaulle announced publicly on June 10, "The issuance of a so-called French currency in France without any agreement and without any guarantee from the French authority can lead only to serious complications.[12] Grave fears were expressed in many quarters that the French peasants would spurn this unbacked currency and that its issuance would further accentuate the existing inflation in France.

On the other hand, President Roosevelt told his press conference on June 13, 1944, that the French had particularly asked that we not issue American or English money especially marked when we invaded, that the French had been informed of what our War Department was doing and had not "objected," and that American troops were being forbidden to buy rationed goods in France or eat at public restaurants and were being encouraged to send most of their pay home.[13] A returned army captain of the Advocate General Corps who saw service near St. Lo has since told the writer that the soldiers were informed these restrictions were to protect them against poisoned food. He said that the explanation that they were to prevent inflation in France would not have been effective.

Later in the summer Secretary of Treasury Morgenthau went to France to investigate, among other things, the complaints against the "flag money." He reported that the money was widely accepted and cited as evidence that it was even preferred, the fact that it was being returned to the banks for deposit faster than anticipated. There were

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All footnotes at end of article.

TILO

Summary of Annual Report

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TILO ROOFING COMPANY, Inc. is one of the larger organizations engaged in the application of roofing and siding materials for the renovation, repair and maintenance of existing structures. Its business includes the manufacture of asphaltic and asbestos products used for these purposes. As of December 31, 1944, the company's consolidated balance sheet, as audited and presented in the company's annual report to stockholders, shows total assets of $4,046,497.64; total current assets of $3,283,832.70; total current liabilities of $776,017.28, and earned surplus of $1,639,189.39.

Condensed Consolidated Statement of Income
Calendar Year 1944

Sales, including gross income from finance fees on operations of subsidiary finance company	$5,129,493.68
Cost of sales, including branch office, selling, general expenses, charges on accounts insured and provision for doubtful accounts	4,361,414.47
	768,079.21
Other income (net)	36,246.90
	804,326.11
Provision for federal taxes on income, including $32,000.00 for subsidiary companies	327,000.00
Net income	$ 477,326.11

Depreciation and amortization was provided during the year 1944 in the amount of $52,867.36 of which $29,158.74 was charged to costs and $23,708.62 was charged to other profit and loss accounts.

Record of Dollar Volume of Net Sales and Earnings

Year	Net Sales	Net Profit after Federal Taxes	Net Earned Per Common Share
1940	$4,018,167	$526,225.91	$1.03
1941	4,444,213	540,403.30	1.10
1942	4,112,110	377,905.60	.74
1943	5,010,738	412,135.10	.82
1944	5,129,493	477,326.11	.96

A copy of the Annual Report, which includes the financial statements of the Company, may be obtained upon request.

TILO ROOFING COMPANY, INC.
STRATFORD, CONNECTICUT

TILO

other reports that French peasants were paying their taxes in the "flag money."[14] To the economist, these would seem perfect illustrations of Gresham's Law. The layman thinks of this law as "cheap money drives out good money." That happens because people tend to save or hide or export their good money and spend their cheap money, thus circulating it. In this case, some Frenchmen may have been mildly suspicious of the "flag money" and hence anxious to convert it into the goods or bank credit or tax credits in which they had more faith. However, the suspicions were never widespread and the problem was satisfactorily settled on August 25, when the French Committee of National Liberation was duly recognized and took over responsibility for the "flag" currency, for which it was allowed a proper credit on our books.[15]

It would be a mistake to leave the impression that our somewhat arbitrary act caused the circulation of 80 billion francs that would not otherwise have been issued and thereby worsened the existing inflation in France. Whether we printed it or the French Committee printed it, the invading forces had to take currency with them. An army needs money to buy supplies on the spot, to hire local labor to erect barracks and repair damaged airfields and to pay troops who want to buy amusement while off-duty. Thus the American "flag" money can be criticized only insofar as it was trusted less than French Committee money would have been, thereby causing prices to rise and a rush for goods to take place. True, it was risky for us to bring military currency that bore no evidence of who was responsible for it to a country which had every reason to be very suspicious of military currency after the German invasion. However, what little evidence there is suggests that the "flag" money caused more political annoyance to the French Committee than economic damage to the French economy.

Extent of French Inflation

Perhaps the best understanding of the extent of inflation in France can be obtained by examining black market exchange rates and prices, for our present official rate grossly overvalues the franc, and much of the time goods simply cannot be had at the official prices. Information on these matters is necessarily fragmentary but unquestionably significant. First let us look at the exchange rates.

The prewar exchange rate was 176 francs to the pound sterling and 44 to the dollar. In 1939, this probably undervalued the franc. In February of 1944, the English government and De Gaulle's committee tentatively agreed to an exchange rate of 200 to the pound; later we accepted 50 to the dollar. [16] It was widely conceded that this new rate overvalued the franc. However, it tended to give the franc greater prestige and to help the French carry out their plans for deflation. The London "Economist" reported in April that estimates of a correct rate of exchange ranged from 200 to 600 francs to the pound, depending on whether modest French wages or inflated French prices were the basis of calculation, but that 280 seemed a reasonable compromise.[17] Nonetheless, the rate of 200 to the pound became official in June, 1944.[18] On Sept. 1, a black market rate of 670 to the pound was reported; on Oct. 22, a rate of 700 to the pound and 270 to the dollar was announced; on Dec. 22, substantially this rate was again reported; and on Feb. 16, 1945, radio commentator Fulton Lewis, Jr., just back from overseas, cited a rate of 250 to the dollar and added that there was in reality no "white" market.[19] Early in November, 1944, French francs were selling near the French-Belgian border for 20 Belgian centimes each, although the official exchange rate was 87 centimes.[20]

Meanwhile, what were wages and prices doing? The Germans had been fairly successful in freezing wages during their occupation and in September the wage level was still far below the price level. A minor artisan or petty bureaucrat would be fortunate to receive 3,000 francs a month, which is $15 at the official exchange rate and less than $5 at the black market rate. A good restaurant meal cost from 200 to 600 francs, a horse 50,000 to 100,000 francs, and a bicycle as much as a car did before the war. It was estimated that the cost of living had gone up 300 per cent while wages had risen only 40 per cent.[21] Correspondent Harold Callender of the *New York Times* reported that black market prices had gone up 2,000 per cent since the war began.[22] No wonder the masses of laboring people protested when the price of bread was allowed to rise from 3.70 francs per kilo to 4.90 francs without the rise in wages that had been promised for some time. In order to insure that bread is supplied at even this price, the government is obliged to pay subsidies amounting to over 12 billion francs a year.[23] There can be no doubt that France was undergoing the pains of inflation last autumn.

The French inflation is felt even by the American soldier despite his high rate of pay. One reason for setting the exchange rate at the figure of 50 francs to the $1 was to discourage our soldiers from spending their money in France and thereby lessen the inflationary pressure. The G.I.'s are understandably annoyed over receiving their pay at this unfavorable rate. The annoyance is not lessened when they are told they should be sending their money home to be invested in bonds anyway. This rate makes goods expensive at even official prices, but the G.I.'s must buy their beer and entertainment at uncontrolled prices. Congressman John Sheridan of Pennsylvania reported in January that soldiers sometimes had to pay as much as $2 for a glass of beer and were taking "an awful rooking." He threatened an investigation. Secretary Morgenthau was reported worried over the same situation last summer (1944).[24] It is, of course, this condition of low official exchange rates plus high black market prices for cigarettes, gasoline, and other supplies that has tempted hundreds of our soldiers to steal army supplies and sell them to the French. That fact does not excuse their offense; it does explain why the temptation was especially great.

France Had Planned to Deflate

About a year ago De Gaulle's Committee held a meeting in Algiers at which it was decided to reduce sharply the amount of money in circulation in France as soon as possible after the nation was liberated. There were several motives for this decision. It was desired to limit inflation as far as possible. And it was felt that the deflation could be carried out in a way that would deprive collaborationists and black market profiteers of their ill-gotten gains. The plan was to reduce the total note circulation from 550 to 250 billion francs, to stabilize prices and wages, and to maintain the 200-franc-to-the-pound exchange rate with England. All bank accounts were to be frozen except that of 5,000 francs a month withdrawals might be permitted for living needs. The old currency would be gathered up and

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All footnotes at end of article.

(Continued on page 1500)

Overwhelmingly... it's a PHILCO!

WHAT RADIO WILL POST-WAR AMERICA BUY?

Overwhelmingly... it's a PHILCO!

Yes, in every nationwide poll of post-war buying preference, America has placed Philco first . . . by an average of 3 to 1 over any other make of radio.

You are looking forward to finer radios and phonographs after Victory . . . to electronic developments that bring you a vast improvement in tone and performance, that add new thrills to the use and enjoyment of radio and recorded music. And, according to these polls, you're expecting them from Philco, the leader in radio for 12 straight years.

One survey made by a leading national publication revealed that *four times as many people* intend to buy a Philco as the next leading radio . . . *as many as the next twelve* makes combined. Another national magazine found that among Philco owners, as compared with owners of other brands, the largest percentage intend to buy another Philco after the war.

Philco looks upon this overwhelming vote of confidence as an obligation and a challenge. Its record of the past is your promise for the future. The research laboratories whose achievements made Philco *America's Favorite Radio* will be ready to continue that leadership after Victory.

Yes, you can look to Philco for radios and phonographs that set new standards of tone, performance, cabinet beauty . . . *and quality.*

Tune in the RADIO HALL OF FAME . . . enjoy a full hour of Top Hits from all fields of entertainment. Every Sunday, 6 to 7 P. M., EWT, Blue Network.

BUY MORE WAR BONDS . . .
AND KEEP THE BONDS YOU BUY!

PHILCO
Famous for Quality the World Over

Inflation or Deflation In France?

(Continued from page 1499)

the amounts taken from each person in the liberated areas recorded. At first, only small amounts of a new currency would be exchanged for consumption spending. Belgium and Holland agreed to carry out a similar program at the same time.[25] The plan, to be successful, had to be executed promptly. Individuals could not be given time to convert cash into goods or otherwise protect themselves.

D-day was June 6; Paris was liberated on August 25 and the Germans had been driven out of most of France by early September. The De Gaulle Committee was accorded recognition by us in matters pertaining to currency on August 25. This would appear to have been the time to put the plan into execution. Yet very little was done. About October 1, all tariff agreements were cancelled so that new rates might be set that would conform with the new financial conditions, and trading in gold was forbidden.[26] But bank accounts were not blocked. By mid-October, M. Istel, financial adviser to the government, was explaining why the Algiers deflationary scheme had not been carried out and presumably would not be. His chief excuse, that the franc was no more inflated than the pound or dollar, was regarded by many as a feeble effort to cover up the real motives. [27]

Neighboring Belgium Tries Deflation

Probably one of the reasons why France shelved the Algiers deflationary plan was the experience of Belgium. Between October 9 and 13, the Belgian government called in all bills of large denomination and exchanged them for 40 per cent as much new money. The other 60 per cent was held pending investigations. Over a million Belgians turned in 5,000 francs or more, 600,000, 25,000 francs or more. Bank accounts that had grown since 1940 were blocked. The amount of money in circulation was sharply reduced. Of the 100 billion francs estimated as outstanding, 90 billion was turned in. The chief fact which all this clearly revealed was the shortage of goods.[28] Black markets were eliminated only momentarily. It was found necessary to fix prices and pay subsidies to insure that products would be produced for the regular markets at official prices; indeed, government trucks had to be sent out to deliver much farm produce.[29]

This was not all done quietly and easily. Black market operators and collaborationists made frantic efforts to get something of value for their big bills and "inexplicably" large cash holdings. Stories were related of the sale of a bicycle for 800,000 francs and the barter of 40,000 francs of old currency for 4 of the new.[30] More important, however, was the fact that the government of Belgium tottered on the brink of political ruin. How much of the resentment was attributable directly to the currency program is hard to say. Probably some of it was, for voters were reported to be demanding additional currency releases. Perhaps only Eisenhower's desire to keep some government in power to avoid hampering the war effort saved the Pierlot regime.[31] French officials saw early that a drastic reduction of the money supply was economically possible but politically dangerous.

French Renounce Algiers Plan

The Belgian experiment had some unusual repercussions in France. Since the Belgian government had not required that small bills be turned in, many people assumed that the same method would be followed in France. Accordingly they tried to exchange their big bills for little ones, or if that was impossible, to convert them into goods. For a while in October most French banks refused to make change for people who presented 1,000 franc notes. Butchers and bakers were offered premium prices if they would accept the larger notes for purchases. High prices were paid for antiques, stamp collections, tapestries, etc., at auction sales. Black market rates for gold coins, for paper dollars, and for pounds bounded upward.[32] Thus there was the peculiar situation that a fear of deflation produced a rise in prices.

The French government soon made it clear that the Belgian experiment would not be repeated in France. The direct Belgian method was said to be unsuitable to "the French temperament." M. Istel, financial adviser of the French government, insisted that there was little inflation in France but that lack of goods was the chief difficulty. He maintained his position despite the fact that the wartime increase in money and bank deposits combined was seven times as great in France as in England. Some of the other more probable explanations for shelving the Belgian method include the following: (1) new banknotes were not yet available; (2) communication difficulties made the plan hard to execute in a short time; (3) the plan had been tried in Corsica with indifferent success; (4) it was believed to be politically impossible to force 13 million peasants to bring in 200 billion francs to be stamped and exchanged for lesser amounts; (5) there was always the hope that France could obtain American credits, purchase and install vital machinery, and step up her production in a short time.[33]

The Liberation Loan

As much as the government wanted to dodge the politically dangerous problem of deflation, the ministers knew that if they did nothing, they would have an equally serious problem of further inflation on their hands. The one thing that was checking inflation more than anything else was the hoarding by the peasants of an estimated 200 billion francs of banknotes. This was a third of the total amount in circulation. So long as these hoards existed, a financial crisis might be provoked if some startling rumor or wartime disaster should cause people to try to turn their money into goods. A way had to be found to convert those savings into something that could not be immediately spent.

On November 4, the De Gaulle government announced a Liberation Loan would be floated, the quota for which would be 100 billion francs. The bonds were to bear 3 per cent interest, have no maturity, and resemble the famous 3 per cent "rentes" then selling for 103. They could be paid for only with cash, Treasury bonds, or checks on bank accounts. Cash was, of course, what the government wanted most. It was said at first that the proceeds of the loan would not be used to meet current expenses—tax receipts and Treasury bond sales had lately been adequate for that—although later remarks by Aime Le Percq, French Minister of Finance, suggested that some might have to be paid out again for war costs. Frenchmen were told that the Liberation Loan would reveal how much confidence the reborn French nation had in itself.[34]

The success of the Liberation Loan exceeded expectations in some respects but was disappointing in others. Within three weeks, the original goal of 100 billion francs was achieved. At the end of 1944, 160 billion francs worth of bonds had been sold. Nearly half were paid for with Bank of France notes and about a third with checks on bank deposits. The Loan was continuing and it was hoped that the figure of 200 billion francs might eventually be reached. Somewhat disturbing however, was the fact that three quarters of the total subscriptions were for bonds of 100,000 francs ($2,000) or more, which suggests that the issue may have appealed more to institutions than to individuals and have offered greater refuge for the cash hoards of black market operators and collaborateurs than of modest peasants.[35] Thus the peasants' hoards would seem to remain a possible threat. However, the profiteers and collaborators, whose actions threatened to produce inflation in October, may have been somewhat quieted.

Should France Have Imitated Belgium?

It is no surprise that France did not follow the lead of Belgium and carry out the original Algiers plan. She was wise to suspect the wisdom of the drastic policy of retiring over half the money outstanding. Monetary economists were amazed at the economic daring and political foolhardiness of the Belgian program. It was directly contrary to one of the outstanding lessons of monetary history following World War I which may be summarized briefly, "Don't heap the pains of deflation upon those of inflation." While it is theoretically true that a moderate inflation tends to penalize creditors and laborers and benefit businessmen and farmers, and that a moderate deflation has the opposite effect, there is no assurance that the persons who were unjustifiably enriched by inflation will be proportionately impoverished by deflation or that either inflation or deflation can be measurably controlled. The old saying that "Two wrongs do not make a right" applies here.

There are several outstanding illustrations in the history of the past century that deflation breeds political discontent. In our own country after the Civil War we experienced falling prices for 30 years. This was the era of agrarian discontent, greenbackism, and the free silver movement which culminated in the Bryan campaign of 1896. Depression, accompanied by deflation, threw Hoover out of office in 1932 and brought on the New Deal, whose monetary experiments were designed to raise the price level and bring back prosperity. Deflation in England between 1925 and 1931 failed when labor unions and others resisted wage reductions. England abandoned the gold standard and has been prejudiced against it ever since, whereas it is her self-imposed deflation she should blame. France suffered a severe deflation between 1929 and 1936 which was the cause, to a considerable extent, of the political unrest of that period. Finally, the Belgian government headed by Premier Pierlot has recently been forced to resign. Shortage of goods caused by the war demands of large Allied armies is cited as a major cause.[36] Certainly deflation which discourages production was not calculated to lessen this difficulty.

In summary, deflation is economically wrong and often results in political collapse. De Gaulle was wise to avoid it.

Some Queries Answered

It may be asked, "Was not the Liberation Loan only a softer, a subtler method of producing deflation? Won't the party that sponsored it be held responsible if deflation is achieved?" The answer to that must, of course, be a guess. My guess is "Probably a sharp fall in prices would lead to the resignation of the De Gaulle regime." But two very significant factors need to be recalled. First, absorbing surplus spending power by confiscation and taxation is more unpopular than absorbing it by government borrowing. The people do not feel that their money is so irretrievably lost when they lend it, even though taxes must eventually be imposed to retire the loans. That is why we pay for the war by borrowing rather than by taxing although experts admit taxation is the better method. Borrowing is politically more expedient. Hence the French method was preferable to the Belgian. The Liberation Loan stopped the rush to spend savings and avoid confiscation. This rush might have made the existing inflation worse. That was the very condition which the original Algiers deflation scheme was intended to prevent.

The second significant factor is that the Liberation Loan was not intended to produce a fall in prices but to sop up the 200 billion francs being hoarded by peasants and others and thus prevent a further rise in prices. If this is all that is done, the Committee has little to fear. If it is asked how the French government can know just how much purchasing power to absorb so as to strike the happy medium between inflation and deflation, the answer must be that it would be a difficult decision to make. But probably it will not have to be made. As the costs of continuing the war weigh more heavily on France, less will be heard of deflation and more will be said about "holding the line" against inflation. The chances of holding this line are now improved.

Another question is whether wages are not far out of line and due for a sharp increase. French workers were promised a 40 per cent increase in September but little has been done about it. The fact that prices have gone up many times as much as wages has lowered the French standard of living. This is a tragic fact but it is a logical consequence of the war and of the heavy confiscations resulting from German occupation. If French productivity is 20 per cent of normal, as has been estimated, that means that only 20 per cent of the normal flow of goods and services is available. Raising wages will not help, because increased wages cannot buy more goods than there are. The only answer is increased production including improved transportation. Until that is accomplished, substantial and general wage in-

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All footnotes at end of article.

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NEW YORK

Condensed Statement of Condition March 31, 1945

ASSETS

Cash on Hand and Due from Banks		$126,849,180.05
United States Government Securities, Direct and Fully Guaranteed		507,707,209.17
State and Municipal Bonds and Notes		15,520,538.37
Stock of the Federal Reserve Bank		1,200,000.00
Other Bonds and Securities (including Shares of Morgan Grenfell & Co. Limited)		14,485,001.04
Loans and Bills Purchased		88,592,487.86
Accrued Interest, Accounts Receivable, etc.		2,674,569.58
Banking House		3,000,000.00
Liability of Customers on Letters of Credit and Acceptances.	$ 4,354,883.64	
Less Prepayments	42,623.90	4,312,259.74
		$764,341,245.81

LIABILITIES

Deposits	$699,159,742.68	
Official Checks Outstanding	1,605,343.21	$700,765,085.89
Accounts Payable and Miscellaneous Liabilities		4,463,978.75
Acceptances Outstanding and Letters of Credit Issued		4,354,883.64
Capital		20,000,000.00
Surplus		20,000,000.00
Undivided Profits		4,846,545.45
General Reserve		9,910,752.08
		$764,341,245.81

United States Government securities carried at $148,037,469.43 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member Federal Reserve System
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creases cannot be expected. Many Frenchmen sense this truth. That is why they are worried because the civilian supplies we promised are behind schedules. We promised six shiploads of civilian supplies in January but only two arrived and they carried cotton chiefly rather than railroad equipment, trucks, tin, zinc, or synthetic rubber.[37]

It is probably the present low productivity that has just caused France to veer towards state socialism.[38] Private capital apparently could not produce enough under the difficult conditions now existing to satisfy the French people. Wage earners were especially dissatisfied. The De Gaulle government, it must be assumed, believed it could restore prosperity more quickly by undertaking the responsibility for production itself. The socialistic program will probably be considered a success, for economic conditions in France will undoubtedly improve regardless of the economic system in operation. The state planners will get the credit for the improvement.

Recapitulation

My conclusions are quickly stated. France has experienced a fairly severe inflation brought about by an increase in money and a decrease in productivity. Our "flag" money did more political than economic damage but neither was great. France was wise to renounce her original plans for a drastic deflation after witnessing the Belgian experiment. Deflation is economically harmful and politically dangerous. The Liberation Loan to sop up the supply of hoarded money was a better plan and has been a moderate success. Unless France sharply alters her recent financial policy, deflation is unlikely to take place. The war may produce more inflation but the chances of controlling it are now improved.

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[1] London "Economist," Dec. 9, 1944, p. 780; N. Y. "Times," Sept. 22, 1944, p. 6.

[2] N. Y. "Times," Oct. 22, 1944, p. 14.

[3] N. Y. "Times," Oct. 7, 1944, p. 4; Nov. 5, 1944, p. 3.

[4] League of Nations, "Monthly Bulletin of Statistics," Jan., 1944, p. 28n; N. Y. "Times," Sept. 22, 1944, p. 6 (H. Callender); N. Y. "Herald Tribune," Feb. 24, 1945.

[5] London "Economist," Feb. 5, 1944, p. 185; Oct. 28, 1944, p. 584.

[6] N. Y. "Times," Sept. 22, 1944, p. 6 (Callender).

[7] N. Y. "Times," Aug. 16, 1943, p. 5.

[8] N. Y. "Times," Nov. 21, 1943, p. 38; Sept. 22, 1944, p. 6.

[9] N. Y. "Herald-Tribune," Jan. 17, 1944, edit. page; Feb. 18, 1945, fin. page.

[10] N. Y. "Times," Sept. 8, 1944, p. 5.

[11] N. Y. "Times," Feb. 11, 1944; June 12, 1944, p. 7; "Life" Mag., Oct. 9, 1944, p. 13.

[12] N. Y. "Times," June 10, 1944, p. 1.

[13] N. Y. "Times," June 14, 1944, p. 6; Aug. 22, 1944, p. 6. Morgenthau later said American soldiers sent home 90% of their pay. N. Y. "Times," Aug. 25, 1944, p. 5.

[14] N. Y. "Times," Aug. 25, 1944, p. 5; Economists' National Committee on Monetary Policy, "Monetary Notes," August, 1944, No. 16.

[15] N. Y. "Times," Aug. 11, 1944, p. 3; Aug. 26, 1944, p. 5; London "Economist," Aug. 26, 1944, p. 293.

[16] N. Y. "Times," Feb. 9, 1944, p. 8.

[17] London "Economist," April 8, 1944, p. 474.

[18] N. Y. "Times," Feb. 9, 1944, p. 8.

[19] N. Y. "Sun," Sept. 1, 1944; N. Y. "Times," Oct. 11, 1944, p. 29; Oct. 22, 1944, p. 13; N. Y. "Herald Tribune," Dec. 22, 1944.

[20] N. Y. "Times," Nov. 19, 1944, p. 12.

[21] N. Y. "Times," Sept. 8, 1944, p. 5.

[22] N. Y. "Times," Sept. 22, 1944, p. 6.

[23] N. Y. "Times," Oct. 7, 1944, p. 4.

[24] N. Y. "Times," Sept. 10, 1944, p. 13; N. Y. "Herald Tribune," Sept. 16, 1944; Economists' National Committee on Monetary Policy, "Monetary Notes," Jan., 1945, p. 5.

[25] N. Y. "Times," May 4, 1944, p. 1; Aug. 24, 1944, p. 7; Oct. 7, 1944, p. 4.

[26] N. Y. "Times," Oct. 1, 1944, p. 13; London "Economist," Oct. 14, 1944, p. 518.

[27] N. Y. "Times," Oct. 22, 1944, p. 14.

[28] N. Y. "Times," Oct. 15, 1944, IV, p. 5 (McCormac edit.); Oct. 29, 1944, p. 8.

[29] N. Y. "Times," Oct. 27, 1944, p. 22 (edit.); Nov. 19, 1944, p. 8.

[30] N. Y. "Times," Oct. 15, 1944, p. 5 (McCormac).

[31] N. Y. "Times," Oct. 26, 1944, p. 9; Nov. 5, 1944, p. 3.

[32] N. Y. "Times," Oct. 22, 1944, p. 13.

[33] N. Y. "Times," Oct. 17, 1944, p. 8.

[34] N. Y. "Times," Nov. 4, 1944, p. 4; Nov. 5, 1944, p. 5.

[35] London "Economist," Dec. 30, 1944, p. 873.

[36] N. Y. "Herald Tribune," Feb. 8, 1945.

[37] N. Y. "Herald Tribune," Feb. 4, 1945.

[38] N. Y. "Herald Tribune," Feb. 11, 1945, p. 1.

OUR REPORTER'S REPORT

Notwithstanding the vast amount of potential new issues practically ready for market, this week promised to be rather dull until news came of the decision of the General Motors Corp. to dispose of its large holdings in the National Bank of Detroit.

Public offering of the General Motors block, consisting of 509,000 shares of capital stock and "rights" to subscribe to an additional 126,000 shares, was slated to be made today by the banking group which was selected to handle the distribution.

Until the big bank stock sale came to light it had appeared that the week would yield only one big issue, namely, the $54,000,000 of new Chicago & North Western Railway bonds which were up for bids yesterday.

General Motors acquired its holdings in the Detroit bank back in the dark days of 1933 when the bank "holiday" left the big motor metropolis without banking facilities. General Motors, at the behest of the Government, proceeded to organize the National Bank of Detroit and subscribed $12,500,000 common stock, the RFC taking an equivalent amount in preferred.

At that time the big motor company stated that its investment in the bank was temporary and now, 12 years later, the management believes the time has come to withdraw from participation.

Chicago & North Western

With several other sizable railroad deals in the offing, investment interests were inclined to watch with more than ordinary interest the reception accorded todays' offering of $54,000,000 of Chicago & North Western Railway's new first mortgage bonds.

Carrying a 44-year maturity, falling due in 1989, this issue was the object of bidding by two formidable banking groups yesterday.

Proceeds, along with other corporate funds, would be used to redeem on July 1, next, $47,979,442 series A 4s due Jan. 1, 1989, and about $12,700,000 in smaller divisional issues outstanding.

Right on the Job

How the position, financial of course, of many railroads has been changed by the tremendous traffic and consequent revenues generated by the war becomes apparent with the passage of time.

The depression forced a number of carriers into the courts for reorganization, included among them being Chicago, Rock Island & Pacific and the Chicago, Milwaukee, St. Paul & Pacific.

Both are now awaiting court approval of plans which will end their sojourn in the hands of trustees. And bankers are waiting, and patiently, for the courts to say the word.

Revision plans of these roads have been in the making for several years and meanwhile the roads have been steadily improving their positions.

Now bankers are eyeing these two carriers as prospects for refinancing. Rock Island is contemplating replacement of some $80,000,000 of the securities to be issued under its plan, while the St. Paul is expected to refinance a part of its $59,515,000 of new bonds created under its plan.

Ohio Edison Next Week

Bidding promises to be lively for the Ohio Edison Co.'s $26,089,000 of new first mortgage bonds next Monday.

A call by the company for bids to be submitted at that time disclosed that at least three sizable banking aggregations will toe the starting line.

Proceeds from this offering will be applied to retirement of an issue of 3¾s falling due in 1972.

Moving Out Steadily

The lull in the new issue field during the early part of the week was not unwelcomed among those interests who have been working on several deals which have been a bit slow in moving.

Although the bonds are reported moving steadily it was reported that the Pacific Gas & Electric 3s brought out last week are still around.

The same holds true of the Laclede Gas Light Co. bonds and Florida Power preferred stock brought out a fortnight ago.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Milton R. Katzenberg, member of the Exchange, retired on March 31st from partnership in Jacob Stern & Sons, which retired as a member firm as of the same date.

Allan L. Carter, Jr., retired from partnership in Stein Bros. & Boyce, Baltimore, Md., on March 23d.

Privilege of George F. Robb to act as alternate for John W. Walters, partner in Stevens & Legg, was withdrawn March 29th. Mr. Robb has acquired the Exchange membership of the late Marius A. Charavay.

THE CHASE
NATIONAL BANK
OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, MARCH 31, 1945

RESOURCES

Cash and Due from Banks		$ 887,572,708.27
U. S. Government Obligations, direct and fully guaranteed		2,779,461,196.54
State and Municipal Securities		81,644,948.84
Other Securities		149,158,297.94
Loans, Discounts and Bankers' Acceptances		855,787,287.59
Accrued Interest Receivable		10,677,144.26
Mortgages		6,283,549.54
Customers' Acceptance Liability		3,626,600.47
Stock of Federal Reserve Bank		7,050,000.00
Banking Houses		34,767,782.41
Other Real Estate		3,853,022.64
Other Assets		2,418,765.45
		$4,822,301,303.95

LIABILITIES

Capital Funds:		
Capital Stock	$111,000,000.00	
Surplus	124,000,000.00	
Undivided Profits	57,371,903.87	
		$ 292,371,903.87
Reserve for Contingencies		10,666,678.00
Reserve for Taxes, Interest, etc.		12,084,224.50
Deposits		4,497,560,400.69
Acceptances Outstanding	$ 8,078,802.84	
Less Amount in Portfolio	4,386,735.56	3,692,067.28
Liability as Endorser on Acceptances and Foreign Bills		77,236.06
Other Liabilities		5,848,793.55
		$4,822,301,303.95

United States Government and other securities carried at $895,338,440.00 are pledged to secure U. S. Government War Loan Deposits of $653,035,550.71 and other public funds and trust deposits, and for other purposes as required or permitted by law.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

By the time this column appears, first quarter statements of most of the leading banks will have been published. It is expected that their first quarter indicated earnings will be greater this year than they were in the first quarter of 1944. In fact it is difficult to see how they could be otherwise, for deposits and earning assets are substantially larger than they were a year ago, as the following tabulation shows for a group of 15 leading Wall Street banks.

Date—	Deposits	Total Earning Assets	U. S. Gov't. Securities	Loans and Discounts
Dec. 31, 1943	$21,819,000,000	$18,671,000,000	$13,382,000,000	$4,075,000,000
March 31, 1944	22,472,000,000	19,578,000,000	13,886,000,000	4,419,000,000
June 30, 1944	24,132,000,000	21,228,000,000	14,809,000,000	5,128,000,000
Sept. 30, 1944	22,542,000,000	20,095,000,000	14,274,000,000	4,468,000,000
Dec. 30, 1944	25,155,000,000	22,450,000,000	15,780,000,000	5,416,000,000

During the year 1944 their total deposits expanded 15.3% while total earning assets expanded 20.2%; thus the banks were more fully invested on Dec. 30, 1944 then they were on Dec. 31, 1943. Holdings of U. S. Governments expanded 17.9% while loans and discounts expanded 32.9%.

On Dec. 31, 1943, total earning assets represented 85.6% of deposits, compared with 89.2%, Dec. 30, 1944; U. S. Governments represented 61.3% of deposits on Dec. 31, 1943 and Loans and Discounts 18.7%, compared with 62.7% and 21.5% respectively on Dec. 30, 1944.

The satisfactory condition of the banks was reflected to some extent in relatively favorable market action during 1944, their shares, as measured by the American Banker Index, advancing 20.5% compared with an advance of 12.1% by the Dow Jones Industrial Average. Thus far in 1945, however, they have declined from an index of 45.8 to 43.9, or 4.1%, compared with an advance by the Dow Jones Industrials from 152.32 to 154.06, or 1.1%. From the 1932 lows the American Banker Index has advanced only 83.7% compared with an advance of 273.8% by the Dow Jones Industrial Average!

Despite the increased earnings of leading Wall Street banks in recent years, the steady growth in book values, the expansion in earning assets and the favorable post-war prospects, the market appears relatively uninterested, if not skeptical, and thus their stocks are lagging behind the market. Doubtless interest will revive before long and these excellent equities will receive the attention which is their due. Meanwhile, of course, many discerning investors are quietly buying their favorites for steady income and long term appreciation. The following table shows the current market level of some of the leading stocks in relation to the annual dividend rate and 1944 book-values:

	Market Price 3-29-1945	Annual Dividend	Book Value 12-31-1944	Dividend Yield	Market to Book Value
Bank of Manhattan	27¼	1.00	26.20	3.7%	$1.04
Bank of New York	445	14.00	417.09	3.1	1.07
Bankers Trust	48¾	1.40	45.78	2.9	1.06
Central Hanover	109¾	4.00	104.96	3.6	1.05
Chase	42⅛	1.40	38.49	3.3	1.09
Chemical	53½	1.80	45.30	3.4	1.18
Commercial	51¾	1.60	51.85	3.1	1.00
Corn Exchange	55⅝	2.40	50.90	4.3	1.09
First National	1,825	80.00	1,290.87	4.4	1.41
Guaranty Trust	343	12.00	335.80	3.5	1.02
Irving Trust	17¼	70.00	21.66	4.1	0.80
Manufacturers Trust	60	2.00	44.60	3.3	1.35
National City	41⅜	1.30	41.12	3.1	1.01
New York Trust	104¾	3.50	88.73	3.3	1.18
Public	44	1.50	51.27	3.4	0.86
U. S. Trust	1,530	70.00	1,527.56	4.6	1.00
Average				3.6%	$1.08

It will be observed that the average dividend yield is 3.6%. Highest yields are 4.6% by United States Trust and 4.4% by First National, while the lowest yield is 2.9% by Bankers Trust. The average ratio of market to book-value is 1.08. Irving and Public are the only two stocks currently quoted lower than book-value. In considering dividend yields, it is well to remember that U. S. Governments, which yield about 1% to the banks, comprise approximately 70% of their earning assets while loans and discounts comprise only 24%. To put it another way, the banks' holdings of Government securities average approximately $8.50 per $1.00 invested in their stocks, at current market prices.

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SECURITIES
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Established 1891
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First Public Financing For Scott Radio Labs.

The first public financing on behalf of the internationally-known Scott radio reached the market with the public offering by a banking group headed by Brailsford & Co. and Shillinglaw, Crowder & Co., Inc., and Herrick, Waddell & Co., Inc., of 225,000 shares of common stock of E. H. Scott Radio Laboratories, Inc., priced at $3.125 per share.

Of the total, 148,150 shares represents new financing on behalf of the company and the proceeds from it will be added to working capital. The remaining 76,850 shares represents holdings of present stockholders.

The company, organized in 1927, has its plants in Chicago. It manufactures what is generally considered to be the most advanced and perfect radio produced. It has always done its own independent research and has been credited with a large number of "firsts" in the industry. It has never entered the low-priced field and does not contemplate entering it in the postwar era.

Net profit for the fiscal year ended May 31, 1944 was $105,905 as against $90,460 in the preceding 12 months. Net sales in the 1944 fiscal year were $4,216,500 as against $2,792,222. For the six months ended November 30, 1944, net profits were $121,850 and net sales were $3,761,441.

Rittenhouse in New Office

Charles F. Rittenhouse & Co., accountants, announce that their New York office is now located at 130 William Street, with Merwin P. Cass as resident manager.

J. C. Collyer Takes WPB Rubber Post

J. A. Krug, Chairman of the War Production Board, on March 21 appointed John L. Collyer as a special director in charge of all the Board's activities connected with the production and distribution of rubber and rubber products. Mr. Collyer, who has been given a leave of absence from his post as President of the B. F. Goodrich Co., will replace J. F. Clark, present director.

The appointment, announced in a press conference, indicates that Mr. Collyer, one of the nation's top authorities on rubber, will be virtual czar of the expanded tire and synthetic rubber programs.

In making the appointment Mr. Krug, WPB head, said the rubber and tire programs are more critical than at any time since Pearl Harbor, and that victory in Europe would by no means bring about any cutbacks in the supply of rubber needed by the Army.

Mr. Collyer outlined the immediate problem confronting him as one of bringing production of synthetic rubber components into balance and putting them together into the required tonnage of tires and other critically needed products.

"We're in the clear so far as quality of synthetic rubber is concerned," he explained. "The job now is to get out the quantity needed."

ADVERTISEMENT

REPORT OF CONDITION OF

Underwriters Trust Company

of 50 Broadway, New York City, New York, at the close of business on March 20, 1945, published in accordance with a call made by the Superintendent of Banks pursuant to the provisions of the Banking Law of the State of New York.

ASSETS

Loans and discounts (including $17.62 overdrafts)	$10,503,138.96
United States Government obligations, direct and guaranteed	13,279,767.48
Obligations of States and political subdivisions	1,251,952.59
Cash, balances with other banking institutions, including reserve balances, and cash items in process of collection	7,029,331.46
Banking premises owned, none; furniture and fixtures and vaults	1.00
Other assets	115,233.32
TOTAL ASSETS	$32,179,424.81

LIABILITIES

Demand deposits of individuals, partnerships, and corporations	$15,794,252.35
Time deposits of individuals, partnerships, and corporations	3,631,993.67
Deposits of United States Government	2,735,945.33
Deposits of States and political subdivisions	4,593,762.41
Deposits of banking institutions	463,602.47
Other deposits (certified and officers' checks, etc.)	2,489,614.26
TOTAL DEPOSITS $29,709,170.49	
Other liabilities	152,598.71
TOTAL LIABILITIES	$29,861,769.20

CAPITAL ACCOUNT

Capital*	$1,000,000.00
Surplus fund	750,000.00
Undivided profits	567,655.61
TOTAL CAPITAL ACCOUNT	$2,317,655.61
TOTAL LIABILITIES & CAPITAL ACCOUNT	$32,179,424.81

*This institution's capital consists of common stock with total par value of $1,000,000.00.

MEMORANDA

Pledged assets (and securities loaned) (book values):	
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	$6,884,688.40
Other assets pledged to secure deposits and other liabilities (including notes and bills rediscounted and securities sold under repurchase agreement)	74,750.00
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities	150,843.00
TOTAL	$7,110,281.40
Secured and preferred liabilities:	
Deposits secured by pledged assets pursuant to requirements of law	$6,935,979.40
Deposits preferred under provisions of law but not secured by pledge of assets	1,577,305.75
TOTAL	$8,513,285.15

I, WILLIAM D. PIKE, Comptroller of the above-named institution, hereby certify that the above statement is true to the best of my knowledge and belief.

WILLIAM D. PIKE.

Correct—Attest:
C. W. KORELL,
SUMNER FORD,
J. B. V. TAMNEY, } Directors

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£115,681,681
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1944 £208,627,093
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With branches in all States of Australia, in New Zealand, the Pacific Islands, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
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Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Chicago FHLB Reports Credit Rise of 52%

At the close of last month credit outstanding at the Federal Home Loan Bank of Chicago represented a gain of 52% over the ten-year low to which it had fallen four months before, A. R. Gardner, President, reported recently to the Federal Home Loan Bank Administration at Washington. Up until a month or two ago, wartime ability of the public to save money and pay off debts had been steadily diminishing the needs of the Illinois and Wisconsin savings, building and loan associations for the supplementary funds ordinarily furnished by this regional bank, it was pointed out.

Following a seasonal pattern, February advances were only a fraction of those of January, but repayments of loans to the bank were also 40% less in volume in February than in January, Mr. Gardner said. The net result of the February transactions was $13,515,839 in loans outstanding to the thrift and home financing institutions, which is $4,629,839 more than volume last October when the low point of credit needs for the wartime inflation period was reached.

Stranahan, Harris Co. Adds William Hocart

Stranahan, Harris & Co. Incorporated, 115 Broadway, New York City, announce that William T. Hocart has become associated with them in their New York office. Mr. Hocart was formerly of Hocart & Co. in New York.

San Francisco Stock Exchange Gives Luncheon to Civic Leaders

(Continued from page 1485)

and improve the activities of the Exchange. "We, in common with other regional exchanges of the country," he said, "have not kept pace with industry, in the development of new business methods and in our public relations policy. During the past 20 years senior partners of member firms were so engrossed in their own problems they could not give sufficient time to matters relating to the Exchange. For example, here are a few instances of lack of streamlining which have existed in our organization:

"The Exchange has operated under the committee system similar to that used by lodges and fraternal organizations. For instance, under the old committee system of operation, a member of the exchange, desiring to place an advertisement in a newspaper, was forced to submit his copy to the committee on public relations for approval. This committee—five members of the exchange — would have to be assembled to review the copy. Consider the delay and loss of time resulting from such proceedure. The same method was followed when a member desired to hire a registered representative, or customers' man, as he is more commonly called.

"Now, under our present system the exchange staff investigates and approves these applications. In other words, the administrative functions are carried out by a paid staff and the various committees act mainly in advisory capacities and hear appeals from decisions of the staff.

"I know of no other line of business in which volume fluctuates so rapidly, and where so many external forces affect prices and volume. Because of this, flexibility is highly desirable and decisions must be made quickly. Our new system of administration makes this possible. Furthermore, it provides a continuity of representation with Federal and State regulatory bodies, as well as with the press.

"The Exchange's record with respect to the operation on the floor, that is the mechanical side, is a record of progress and achievement for which the highest commendation is in order.

"We are constantly endeavoring to improve our service to the public. Currently we are in the process of altering our specialists system to the end that closer and better markets may prevail in some of our inactive securities.

"We are working on methods to speed up the delivery of securities to the buyer. Shortage of manpower in the offices of transfer agents causes considerable delay. We are now endeavoring to have Eastern corporations whose securities are traded on our Exchange, establish transfer offices on the Pacific Coast. This would not only be helpful to the Exchange and to the public, but would provide additional sources of revenue for the stock transfer and registrar departments of Pacific Coast banks.

"Our system of executing odd lot orders on the San Francisco Exchange, in securities also listed on Eastern markets, has proven of considerable benefit to the public. It effects a saving in transfer taxes in many instances, and makes funds available in the case of sales, several days earlier than if executed on Eastern markets.

"I predict a great future for the San Francisco Stock Exchange. We cannot overlook the trend toward the organized stock market. It is my opinion the time is not far distant when the major non member firms, engaged in the securities business, will seek membership in the exchange. There are two reasons for this—First, the increasing regulations of the non-board markets, and, secondly—the increasing interest in equities of sound listed companies.

"Members of the exchange are ready and willing to assist in raising venture capital for new industry and the expansion of old firms. Westerners can point with pride to their accomplishment in this field since the last war. As examples, witness the records of companies like Crown Zellerbach, Caterpillar Tractor, Food Machinery, National Automotive Fibres, LeTourneau and Rheem Manufacturing Company, just to mention a few. These companies secured their first capital in the West. As they expanded, additional capital was acquired in the East.

"With the growth of our Western banks and our growing population and wealth, it should be possible to meet an ever increasing portion of the capital requirements of Western corporations right here in the West.

"You, gentlemen, as leaders in trade and industry, can be important factors in maintaining and improving the position of San Francisco's regional stock exchange. Your influence and support can be instrumental in obtaining new listings upon the exchange, and in the establishment of closer markets on existing listings. In return, you may be assured of the whole-hearted cooperation of the members of the exchange, in measures designed to foster and promote the well-being and growth of trade and industry on the Pacific Coast."

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The CONTINENTAL
BANK & TRUST COMPANY
of NEW YORK

STATEMENT OF CONDITION
Close of Business March 31, 1945

RESOURCES

Cash and Due from Banks	$35,072,409.71
U. S. Government Obligations	64,995,210.76
Municipal Bonds	13,978,017.91
Corporate Bonds	4,379,796.41
Federal Reserve Bank Stock	255,000.00
Loans and Discounts	54,825,574.87
Accrued Interest Receivable	381,486.79
Customers' Liability Under Acceptances Outstanding	638,926.34
Other Assets	74,456.54
	$174,600,879.33

LIABILITIES

Capital Stock	$4,000,000.00	
Surplus Fund	4,500,000.00	
Undivided Profits	1,408,770.17	$9,908,770.17
Dividend Payable April 1, 1945		80,000.00
Other Liabilities		1,145,448.94
Acceptances:		
Outstanding	$2,069,015.93	
Less Amount in Portfolio	1,281,673.95	787,341.98
Deposits		162,679,318.24
		$174,600,879.33

Securities carried at $22,532,457.34 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, including $18,988,666.02 of United States Government War Loan Deposits, and for other purposes.

MAIN OFFICE: 30 BROAD STREET, NEW YORK
Branch Offices: 345 MADISON AVENUE · 512 SEVENTH AVENUE
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE NATIONAL CITY BANK OF NEW YORK
Head Office: 55 Wall Street, New York

Condensed Statement of Condition as of March 31, 1945
Including Domestic and Foreign Branches

(IN DOLLARS ONLY—CENTS OMITTED)

ASSETS

CASH AND DUE FROM BANKS AND BANKERS	$875,341,349
U. S. GOVERNMENT OBLIGATIONS (DIRECT OR FULLY GUARANTEED)	2,503,673,850
OBLIGATIONS OF OTHER FEDERAL AGENCIES	41,716,761
STATE AND MUNICIPAL SECURITIES	131,163,433
OTHER SECURITIES	62,187,146
LOANS, DISCOUNTS, AND BANKERS' ACCEPTANCES	769,586,421
REAL ESTATE LOANS AND SECURITIES	5,407,434
CUSTOMERS' LIABILITY FOR ACCEPTANCES	4,837,961
STOCK IN FEDERAL RESERVE BANK	6,000,000
OWNERSHIP OF INTERNATIONAL BANKING CORPORATION	7,000,000
BANK PREMISES	30,605,890
OTHER ASSETS	2,679,687
Total	$4,440,199,932

LIABILITIES

DEPOSITS		$4,163,630,113
(INCLUDES UNITED STATES WAR LOAN DEPOSIT $458,801,796)		
LIABILITY ON ACCEPTANCES AND BILLS.	$12,138,475	
LESS: OWN ACCEPTANCES IN PORTFOLIO	5,629,214	6,509,261
ITEMS IN TRANSIT WITH BRANCHES		9,266,371
RESERVES FOR:		
UNEARNED DISCOUNT AND OTHER UNEARNED INCOME		1,473,046
INTEREST, TAXES, OTHER ACCRUED EXPENSES, ETC.		26,923,607
DIVIDEND		2,015,000
CAPITAL	$77,500,000	
SURPLUS	122,500,000	
UNDIVIDED PROFITS	30,382,534	230,382,534
Total		$4,440,199,932

Figures of foreign branches are included as of March 24, 1945, except those for enemy-occupied branches which are prior to occupation but less reserves.
$660,923,004 of United States Government Obligations and $7,884,231 of other assets are deposited to secure $608,106,209 of Public and Trust Deposits and for other purposes required or permitted by law.
(MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION)

Chairman of the Board	*Vice-Chairman of the Board*	*President*
GORDON S. RENTSCHLER	W. RANDOLPH BURGESS	WM. GAGE BRADY, JR.

CITY BANK FARMERS TRUST COMPANY
Head Office: 22 William Street, New York

Condensed Statement of Condition as of March 31, 1945

(IN DOLLARS ONLY—CENTS OMITTED)

ASSETS

CASH AND DUE FROM BANKS	$ 53,267,783
U. S. GOVERNMENT OBLIGATIONS (DIRECT OR FULLY GUARANTEED)	178,044,894
LOANS AND ADVANCES	1,765,373
REAL ESTATE LOANS AND SECURITIES	5,749,156
STOCK IN FEDERAL RESERVE BANK	600,000
BANK PREMISES	3,418,478
OTHER REAL ESTATE	112,296
OTHER ASSETS	2,246,917
Total	$245,204,897

LIABILITIES

DEPOSITS		$215,038,166
(INCLUDES UNITED STATES WAR LOAN DEPOSIT $42,033,741)		
RESERVES		3,610,058
CAPITAL	$10,000,000	
SURPLUS	10,000,000	
UNDIVIDED PROFITS	6,556,673	26,556,673
Total		$245,204,897

$102,473,210 of United States Government Obligations are deposited to secure the United States War Loan Deposit and for other purposes required or permitted by law.
(MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION)

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GORDON S. RENTSCHLER	LINDSAY BRADFORD

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Founded 1932
W. R. BULL MANAGEMENT CO., INC.
Distributors
15 William St., New York 5

Mutual Funds

Another Record

Distributors Group reports that sales of **Group Securities, Inc.** in March set another all-time record and that sales for the first quarter were at the rate of more than $50 million a year.

In a mailing on **Railroad Stock Shares** including a revised folder and covering letter with charts, Distributors Group states:

"Railroad stocks today present an opportunity for liberal income and capital gains similar to that which existed in railroad discount bonds two years ago. Railroad bond prices have already staged a phenomenal recovery. We are convinced that railroad stock prices will eventually do the same."

Stretching the Bond Dollar

National Securities & Research Corp., in a current memorandum on the **National Income Funds,** shows what has happened to the income of bond investors in recent years. In 1932, less than $70,000 was necessary to secure a $3,000 annual income from high-grade bonds. To achieve the same income today, an investment of approximately $110,000 would be required.

Stated another way, a $50,000 investment in high-grade bonds today would return only $1,320 a year, whereas the same investment in **National Bond Series** would return approximately $2,350 and in **National Low Priced Bond Series** the return would be $2,550. Moreover, the broad diversification achieved through these two series (30 different issues in the bond series and 28 different issues in the low priced bond series) affords a measure of safety far above that which could be achieved in individual bonds of comparable quality.

"Five-to-One"

Hugh W. Long & Co., in a handsome new folder on the **Metals Series of New York Stocks, Inc.** states five reasons why metal issues appear attractive against only one apparent reason why the shares of these companies are currently selling at depressed prices. The five favorable factors are:

1. Demand
2. Price
3. Depletion of mines
4. Improved finances
5. Government stockpiling program

Against these factors is balanced off the one big bogey of the metals companies; that is the fear of a huge post-war surplus. However, the folder points out that, "A single development — government stockpiling of metals—could blot out the 'surplus bogey' and cause even the pessimists to concede that earnings prospects for metals are promising."

In a letter covering the mailing of this folder, the Long Company warns that when stock piling "happens" it will "probably be too late to start interesting your clients in the profit possibilities in shares of metals and mining companies. Will your clients buy too little—too late?"

Railroad Stock
Shares
A Class of Group Securities, Inc.
Prospectus on Request
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GROUP, Incorporated
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*Prospectus may be obtained
from your local investment-dealer or*
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50 Congress Street, Boston 9, Mass.

Scudder, Stevens & Clark Fund

The following excerpts are from a recent letter to shareholders of the **Scudder, Stevens & Clark Fund:**

"Today 1,828 stockholders of this Fund have $19,894,695 of their investment assets in our care.

"Originated in 1928 as a small investment trust, shares in which were held almost entirely by friends and associates of the investment counsel firm of Scudder, Stevens & Clark, the Fund has attained its present size without aggressive sales methods, without salesmen, and without a distributing organization.

"At about $100.75 per share, current subscription prices compare almost exactly with the original offering at $101 per share in 1928 when stock prices as a whole were substantially higher than they are today."

NATIONAL
SECURITIES SERIES
Prospectuses upon request
National Securities &
Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

Healthy

Lord, Abbett's current issue of **Abstracts** compares the volume of department store sales with stocks on hand over the past six years and finds the current ratio a healthy one in view of the prospect for reconversion in the not too distant future.

"While the short-term outlook unquestionably contains an inflationary element, the sale factors should be responsible for substantial demand during the reconversion period, and thereby prove a constructive influence on a sound business basis. **Both the short-term and the longer-term outlook give support to the ownership of common stocks."**

Re: The Sell-Off

Ed Rubin of **Selected Investments Co.** writes in the current issue of **Selections** that he is not too worried about reconversion. In fact, he says that "the sooner it comes, the better I'll like it. If the going is rough for a while, I don't think it will last long. That is because I am counting heavily on the Four Horsemen of the 1940's:

1—Abnormally high purchasing power in the hands of the public.

2—Unprecedented shortages of civilian durable goods.

3—Reconstruction of Europe and Asia.

4—Much lower tax rates after the wars are over.

"There are a lot of other good reasons why business and profits should be good when we get back to a peacetime basis, but those four are enough to do the trick without any outside help, in my opinion."

Investment Program for a Business Man

Keystone Corp., in the current issue of **Keynotes,** brings up to date its recommended $10,000 investment program for a business man. Diversification is suggested as follows:

Medium Grade Bonds	$1,000
Low Priced Bonds	2,000
High Return Bonds	2,000
Income Preferred Stocks	1,000
Income Common Stocks	2,000
Speculative Common Stocks	2,000

Invested in the various **Keystone Funds,** this program would provide a diversification of 50% in bonds, 10% in preferred stocks and 40% in common stocks. When considered from the angle of diversification by investment purpose, the breakdown is somewhat different; i. e., 60% income, 20% income and growth and 20% growth. This program carried out through use of the Keystone Funds would provide an investment in 155 bonds, 50 preferred stocks and 80 common stocks.

Mutual Fund Literature

Hare's Ltd. — A new folder, "Aviation Looks Ahead." . . . **National Securities & Research Corp.** —Revised folders on **National Bond Series** and **National Low Priced Bond Series. . . . Distributors Group**—Current issues of **Steel News** and **Mining News (Gold Stocks)**; revised folder on **Steel Shares. . . . Selected Investments Co.** — Current issue of "These Things Seemed Important."

Dividends

Manhattan Bond Fund, Inc.—A regular dividend of 10¢ per share and an extra dividend of 5¢ per share (for a total of 15¢) payable April 16, 1945 to holders of record April 2.

Institutional Securities, Ltd.—A dividend of 50¢ per share on **Aviation Group Shares** payable May 31 to stock of record April 30.

Manhattan Bond Fund, Inc.
The Board of Directors of Manhattan Bond Fund, Inc. has declared Ordinary Distribution No. 27 of 10 cents per share and Extraordinary Distribution of 5 cents per share payable April 16, 1945 to holders of record as of the close of business April 2, 1945.
HUGH W. LONG and COMPANY
Incorporated
National Distributors
48 Wall Street, New York 5, N. Y.

Gold Production Increasing More Rapidly Than Recorded Reserves

League of Nations Reports That Net Increase in Recorded Gold Reserves Absorbed Only About One-Fourth of Estimated Gold Production, Outside of Russia, During 1941-1944. World-Wide Decline in Production During War Has Been Slowed.

The League of Nations, now located at Princeton University, has issued a release, reporting that in the past three years the gold reserves of the United States declined by some $2,000 million while recorded reserves in the rest of the world increased, between December, 1941, and September, 1944, by roughly $2,600 million. About one-half of that amount was added to Latin American reserves and practically the whole of the other half of those of four European neutrals, namely Switzerland, Sweden, Turkey and Spain, and the Union of South Africa. The net increase of approximately $700 million in recorded gold reserves only absorbed about one-fourth of estimated world gold production outside Soviet Russia in the same period. Thus, most of the gold produced during the last three war years has accrued to unrecorded reserves, the amount of new gold used in the arts during the war being negligible.

Detailed data illustrating these trends are conveniently summarized in two special tables on gold production and central gold reserves in the latest issue of the Monthly Bulletin of Statistics—No. 1 (A), 1945—just published by the League of Nations' Economic and Financial Department at Princeton, New Jersey.

Gold Production

The dollar value (U. S. $) of world gold production apart from the undisclosed output of Soviet Russian production dropped from 1937 and 1,290 million in 1940. The total was nearly as large in 1941 but fell off subsequently to about 950 million in 1943. The decline continued in 1944, but appears to have been slowing down to judge from the incomplete data so far available.

All the main producing countries shared in the decline. Production in South Africa, accounting before the war for nearly one-third of world output including Russian production dropped from 504 million in 1941 to 448 million in 1943. Canadian production fell from 187 to 128 million, that of the United States from 166 to 48 million, output in Australia from 52 to 26 and in the Gold Coast from 31 to 20 million U. S. dollars.

Gold Reserves

Between December, 1938, and December, 1941, total recorded gold reserves outside Soviet Russia rose by some 4,700 million from 25,200 to approximately 29,900 million U. S. dollars. United States reserves alone rose by $8,225 million while those of all other countries taken together (except U. S. S. R.) fell by $3,525 million, mainly on account of the disappearance of the British 1938 reserve of nearly $2,700 million from the books of the Bank of England. Most of the last mentioned amount presumably had accrued to United States reserves—prior to that country's formal entry into the war—as had also part of the central holdings of many other countries including most of the European neutrals. But a few countries other than the United States, in fact, added to their gold reserves during those early years of the war.

The main features of the subsequent redistribution of gold will be seen from the following table showing for selected countries the amounts of their recorded reserves at the dates mentioned above and the end of September, 1944, together with the percentage changes up to December, 1941, and between that date and September, 1941.

RECORDED CENTRAL GOLD RESERVES IN MILLIONS OF U. S. DOLLARS

End of	Dec. 1938	Dec. 1941	Sept. 1944	% Change Dec. 1938-Dec. 1941	% Change Dec. 1941-Sept. 1944
Mexico	29	47	220	+ 62	+368
Brazil	32	70	†297	+119	† +324
Latin America	706	722	2,000	+ 2	+177
Argentine	431	354	‡939	— 18	‡ +165
Spain	§525	42	¶104	—	¶ +149
Turkey	29	92	†221	+217	† +140
Venezuela	52	51	110	— 1	+116
Union of South Africa	220	367	**778	+ 67	§ +112
Sweden	321	223	454	— 31	+104
Roumania	133	183	¶369	+ 38	¶ +102
Switzerland	701	665	1,033	— 5	+ 55
Peru	20	21	32	+ 4	+ 52
Uruguay	68	100	148	+ 47	+ 48
††United Kingdom	2,690	1	1	---	---
††Belgium	728	734	734	+ 1	0
Germany	45	40	‡40	— 11	‡ 0
††France	2,430	2,000	¶2,000	— 18	¶ 0
††U. S. A.	14,512	22,737	20,825	+ 57	— 9
Netherlands	998	575	**500	— 42	§— 13
World excluding U. S. S. R.	25,200	29,900	30,600	+ 19	+ 2

†July 1944. ‡December 1943. §April 1938. ¶June 1944. **August 1944.

††Not including gold held in the Exchange Equalization and similar funds:

	Dec. 1938	Dec. 1941	June 1944		Dec. 1938	Dec. 1941	June 1944
United States	80	25	21	France	331	--	--
Belgium	44	17	--	United Kingdom	‡‡759	§§151	--

‡‡September 1938. §§September 1, 1941.

The largest absolute gains (in millions of U. S. $'s) in the latter period are reported by the Argentine (585), the Union of South Africa (411), Switzerland (368), Sweden (231), Brazil (227), Rumania (186), Mexico (173) and Turkey (129). These eight countries taken together added over $2,300 million to their central gold reserves or some $400 more than the simultaneous decline in the United States holdings of monetary gold. Substantial relative gains ranging between approximately 50% and 150% were reported also by Spain, Venezuela, Peru and Uruguay. The reduction in the recorded gold reserve of the Netherlands from $575 million to $500 millions, on the other hand, represented a somewhat greater relative decline (—13%) than that reported for the United States (—9%).

Mortensen Joins Dept. of S. Weinberg & Co.

S. Weinberg & Co., 60 Wall Street, New York City, members New York Security Dealers Association, announces that James P. Mortensen, who has been affiliated for more than 20 years with Wall Street organizations and most recently with Goodbody & Co., has become associated with them in their Trading Department.

Bowles Makes Recommendations For Price Controls

(Continued from page 1484)

lation to what is normal in peacetime. It is plain enough that a manufacturer of popular-priced cigarettes who found in peacetime that he was making less and less while his competitors were making more and more would not try to remedy the difficulty by increasing his prices. It is less obvious but no less true that no industry in peacetime expects to realize a profit on every product.

"Finally, the logic of both suggestions, if inflation is to be avoided, leads straight to Mr. Murray's proposal that all prices which are yielding high profits should be reduced. The price increases necessary to bring a profit to every industry on every product and peacetime profits to every firm would promptly start inflation spiralling, if they were not compensated. The Administrator, therefore, would be forced to reduce other prices until he had the system in balance. He would have to make these reductions not only on an industrywide basis but firm by firm.

"The result, if it could be achieved, would be a system of prices which might be thought to be 'perfect' since every firm would have some profit and none would have too much. It would, however, be totally out of relation to the system of prices which the law of supply and demand brings about when war has not taken the governor off the normal mechanism of the market. And it would involve government intervention on a scale which I am sure neither American business nor American labor would welcome, even if we in OPA were equal to the task."

With reference to the criticism of consumer groups that price regulation is taking no account of quality deteriatives, Mr. Bowles stated:

"I called this problem to the Committee's attention in my opening testimony. In the light of all that has been said in the hearings, the Committee will no doubt want to give the problem its most careful consideration, as I intend to do in studying means of improving our administration. A brief review of the principal provisions of the present law may be of aid to the Committee in this connection.

"The original price control act gave the Price Administrator broad authority to prevent circumvention and evasion of price regulations and to regulate or prohibit practices which were found to be the equivalent of price increases. This authority is now subject to the limitations of Section 2(j) of the Act.

"The first clause of this section provides that nothing in the Act shall be construed as authorizing the elimination or any restriction of the use of trade and brand names. The Committee has heard a good deal of testimony about the practice which has grown up, particularly in the food field, of a repeated changing of brand names. This is an obviously evasive practice which can only be explained as an attempt to secure higher prices than the seller is entitled to under the regulation. The practice cripples enforcement. Consumers have told you how baffling it is to them in trying to find out the right prices for things.

"I feel sure that the purpose of Section 2(j) was to protect legitimate and established brand names. It was never designed as a shield to cover fly-by-night brands which have no merchandising function whatsoever and serve only as a device for weakening or evading price control. My legal staff, however, are uncertain whether the evident purpose of the section can be relied upon as limiting its language. I hope that the Committee will think it proper to clarify this question in its report.

"The second clause of the section forbids the Administrator to require the grade-labeling of any commodity. This provision is a definite handicap to OPA in the enforcement of price regulations.

"It is my personal belief that, as so often happens on highly controversial issues, much of the industry objection to grade labeling is based on emotions rather than upon a thoughtful appraisal of the long-range interests of business. As I understand it, the Canadian experience with grade labeling has been generally satisfactory to industry as well as to the public. The promotion of nationally known brands has not been weakened but has, on the contrary, been aided. Nevertheless, I recognize the fact that for most commodities grade labeling is not indispensable to effective price control. In view of this and in view of the firm stand of Congress on the subject in the past, I have decided not to ask the Committee to modify the present law."

Barber on Staff of Delafield & Delafield

Delafield & Delafield, 14 Wall Street, New York City, members of the New York Stock Exchange, announce that T. P. Barber has joined the firm's investment advisory staff. Mr. Barber was formerly assistant secretary of the Guaranty Trust Company of New York in its Fifth Avenue office.

J. B. Jones, Jr. With Steiner, Rouse & Co.

Steiner, Rouse and Company, 25 Broad Street, New York City, members of the New York Stock Exchange, announce that James B. Jones, Jr., has become associated with them as manager of the Statistical Department.

Philip Byrne Is With Schoellkopf, Hutton

Schoellkopf, Hutton & Pomeroy, Inc., 63 Wall Street, New York City, announce that Philip J. Byrne has become associated with the organization. Mr. Byrne was formerly with Paine, Webber, Jackson & Curtis for many years.

CHARTERED 1853

United States Trust Company
of New York

Statement of Condition March 31, 1945

RESOURCES

Cash in Banks	$ 24,891,025.17
Loans and Bills Purchased	24,032,312.73
United States Government Obligations	104,004,859.76
State and Municipal Obligations	7,496,000.00
Other Bonds	2,776,325.00
Federal Reserve Bank Stock	840,000.00
Real Estate Mortgages	3,975,445.99
Banking House	1,600,000.00
Accrued Interest Receivable	571,399.86
Total	$170,187,368.51

LIABILITIES

Capital Stock	$ 2,000,000.00
Surplus	26,000,000.00
Undivided Profits	2,569,911.54
General Reserve	826,780.18
Deposits	137,419,737.59
Reserved for Taxes, Interest, Expenses, etc.	1,069,618.37
Unearned Discount	1,320.83
Dividend Payable April 2, 1945	300,000.00
Total	$170,187,368.51

$40,505,000.00 par value of United States Government and other securities are pledged to secure public deposits and for other purposes required by law.

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THE
PHILADELPHIA
NATIONAL BANK

The Oldest and Largest Bank in Pennsylvania
Organized 1803

Statement of Condition, March 31, 1945

RESOURCES

Cash and Due from Banks	$188,940,989.52
U. S. Government Securities	443,608,500.85
State, County and Municipal Securities	14,327,793.46
Other Securities	33,824,565.98
Loans and Discounts	69,244,944.22
Accrued Interest Receivable	2,479,525.23
Customers' Liability Account of Acceptances	2,606,099.06
Bank Buildings	1.00
	$755,032,419.32

LIABILITIES

Capital Stock (Par Value $20.00)		$14,000,000.00
Surplus		28,000,000.00
Undivided Profits		10,437,783.87
Reserve for Taxes		2,733,769.45
Dividend (Payable April 2, 1945)		875,000.00
Unearned Discount and Accrued Interest		129,962.29
Acceptances	$5,313,153.91	
Less Amount Held in Portfolio	1,912,904.38	3,400,249.53
Deposits		
United States Treasury	$ 70,144,360.09	
All Other Deposits	625,311,294.09	695,455,654.18
		$755,032,419.32

Philadelphia, Pa.

Member of the Federal Deposit Insurance Corporation

CANADIAN BONDS

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Business Man's Bookshelf

America's Place in the World Economy—Addresses delivered at the Fourth Series of Conferences of the Institute on Post-War Reconstruction—Institute on Post-War Reconstruction, New York University, New York 3, N. Y.—$3.00—Published April 9

Business Information Sources—A selected list of References to Significant Data on Post-War Planning for Industry—Part V, Small Business, Now and After the War—Cleveland Public Library, Cleveland 14, Ohio—Paper—10¢

Federal Reserve Bank of New York—30th Annual Report—Federal Reserve Bank of New York, 33 Liberty Street, New York City—Paper

Fertilizers in the Post-War National Economy—National Planning Association, 800 21st Street, N. W., Washington 6, D. C.—Paper—25¢

Monthly Bulletin of Statistics—January issue on Value of World Gold Production and Recorded Central Gold Reserves—League of Nations publication — Columbia University Press, International Documents Service, 2960 Broadway, New York City—Paper—45¢

Principio to Wheeling—A Pageant of Iron and Steel—Earl Chapin May—Harper & Brothers, 49 East 33rd Street, New York City—Cloth—$3.00

F. C. Smith Acquires S. F. Exchange Membership

The San Francisco Stock Exchange announces that Ferdinand C. Smith, general partner in the firm of Merrill Lynch, Pierce, Fenner & Beane, has been elected a member of the Exchange. The membership was purchased from Kevin McGettigan for $19,000, unchanged from the previous sale.

Dominion of Canada
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Canadian Securities

By BRUCE WILLIAMS

It is illuminating to review the current object lessons afforded by the outlook on credit standing in the two Canadian provinces of Alberta and Manitoba.

In the case of Alberta, the return of prosperity and the generous cooperation of the Federal Government gives this province the opportunity fully to rehabilitate its credit and to repudiate the specious unworkable monetary doctrines which were foisted on the province by former Premier Aberhart.

In spite of mounting protest, Premier Manning still maintains his cynical viewpoint on the value of credit, that it can be bought in sharp bargaining at the lowest possible price. It is plain that Mr. Manning in turning a deaf ear to the real friends of the provice and in consulting only those who agree with him is in grievous error when he states that his plan will be satisfactory to the vast majority of stockholders.

In order better to understand the issues at large in this situation, bondholders generally would do well to study the circular issued by the New York office of the Dominion Securities Corporation, in which they reproduce a constructively written article which appear in the March 27 issue of the Financial Counsel of Montreal.

Alberta bondholders have a serious responsibility in this matter, and it should be clearly demonstrated to Premier Manning that the great body of bondholders are by no means satisfied, and furthermore it is not merely a question of the restoration of the credit of Alberta but also the fundamental issue of the sanctity of contract which is at stake.

On the other side of the picture we have the case of Manitoba. Premier Garson's recent budget speech is a lucid exposition of the basic elements of sound finance and practical economics. Unlike the unreasoning partisan policy pursued by his counterpart in Alberta, Mr. Garson, not only has ably guided his own province through difficulties similar and possibly more pronounced than those encountered in Alberta, but he also has espoused the cause of all the western provinces for the good of the Dominion as a whole.

In calling for a Dominion/Provisional conference for the reform of Dominion/Provincial relationships, the Manitoba Liberal leader points out the anomaly of the Dominion having the money but not the power, and the provinces having the power but not the money to carry out large parts of post-war programs.

It is hoped that his plea will not fall on deaf ears as the amendment and clarification of the Canadian Constitution along the lines of the Sirois report recommendations is imperative at the present stage of Canadian development.

Other interesting items appearing in Mr. Garson's address were the following:

(1) For the fiscal year ending April 30, 1945, the estimated budgetary surplus is the record figure of $3,221,819 after a further allocation of $750,000 to reserve for post-war emergencies.

(2) Further reduction of gross provincial debt by $4,693,709.13 to a total as of Dec. 31, 1944, of $114,317,628.31.

(3) As a clear indication of the increasing diversification of the Manitoba economy, it was revealed that whereas the estimated total gross value of Manitoba's agricultural production during 1944 was $237,774,000, the total of the manufacturing industry rose during the year to $350 million, as compared with $301 million in 1943.

The examination of such statistics certainly gives rise to a bewilderment that credit rating authorities in this country will still place the obligations of the Province of Manitoba in the same category as those of Saskatchewan instead of ranking them with the securities of New Brunswick and Nova Scotia.

Turning to the market for the past week, there was a further reduction of activity but prices were generally well maintained. There was a steady demand for National 51s which make favorable comparison with the U. S. Government 2s, but the yield of 2% has considerably diminished since this bond was recommended for investment at a 2½% return at the beginning of the year. Albertas declined 2 points on the debt plan uncertainty, but Montreals held at their highest levels. Internals were quiet and free funds were motionless at 9 13/16%.

The announcement of the details of the Eighth Victory Loan—a minimum objective of $1,350 million with two maturities—a 3% of Oct. 1, 1963-1959 and a 1¾% of Nov. 1, 1949, dispelled any uncertainty regarding a basic change in Canadian financing at this time. No doubt serious consideration will be given to a lower coupon issue for the Ninth Loan.

With regard to the possible future course of the market, the influence of War Loan drives here and in Canada, together with the forthcoming General Election and the imminence of V-E Day should all contribute to keep investors increasingly on the sidelines.

TAYLOR, DEALE & COMPANY
64 WALL STREET, NEW YORK 5
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CANADIAN SECURITIES
Government • Provincial • Municipal • Corporate

Canada Prepares for Its 8th Victory Loan

The Bank of Montreal reported in its monthly announcement of Canadian business activity on March 22 that Canada's Eighth Victory Loan, for a minimum amount of $1,350,000,000, will be launched on April 23 and will call for the greatest financial effort yet made by the Canadian people. The minimum compares with a total of $1,517,642,000 (not including conversions of $144,821,000) subscribed in the last campaign, and is $50,000,000 above the previous objective of $1,300,000,000. In every campaign thus far the subscribed total has topped is predecessor and by a considerable margin. In the new loan the minimum objective for individuals has been set at $675,000,000, an increase of $75,000,000, but in the last loan the amount actually subscribed by this class was $766,000,000.

The Bank's report further said:

New business is being provided for shipbuilding yards across Canada, according to an announcement from the Department of Munitions and Supply. Commencing in May these yards will construct 35 steamers of the China coaster type, 15 of 1,350 tons and 20 of 350 tons. In other respects the outlook is mixed, judging from business conditions as reported in the first month of the year. As compared with Jan. 1944, the index of the physical volume of business was down 7.4%, though still higher than in any other January. The manufacturing production index declined 9.6%. The livestock stockyard marketings index rose from 107.4 to 155.8, and cattle slaughterings increased. The textile industry was less active and mineral production was lower, but newsprint production advanced from 242,000 tons to 264,000 tons and there was increased activity in the primary iron and steel industry, production of steel ingots rising from 242,000 tons to 269,000 and pig iron from 132,000 tons to 156,000. There was, however, a considerable decline in operations of the secondary iron and steel industries. The construction industry recorded increased business. Department store sales gained in the same comparison. The national income, tentatively estimated, was up from $736,600,000 in January, 1944, to $741,300,000 in the same month of this year.

Although some restrictions have been lifted and others eased in recent months, the Prices Board warns that the need for controls will continue for some time. New regulations governing the sale of used household appliances, including the establishment of price ceilings, have gone into effect and the demand for construction materials, arising from the acceleration of war production, has made necessary a revision of construction control restrictions. Construction or alteration of a building other than a plant, at a cost exceeding $500, must now be licensed. The previous cost limit was $1,500. In maintaining domestic ceiling prices on imported commodities, notably tea, coffee, cocoa beans, vegetable oils, currants and raisins, the Wartime Prices and Trade Board will have spent something in excess of $10,000,000 during the fiscal year now closing. The Dominion Government will pay the same subsidies on milk and milk products in the year commencing May 1 as have been in force since May 1 of last year.

Total value of domestic exports from Canada in January was lower by 4.8% than in January, 1944, but rose again in February, when it reached $236,364,000, as compared with $230,498,000 in January and $227,168,000 in February last year. Exports to countries of the British Commonwealth showed a small decline at a value of $104,236,000, as compared with $105,486,000 in February, 1944. Exports to the United States, valued at $91,500,000, were virtually stationary, but exports to other foreign countries rose to roughly $40,500,000 in value, as compared with $30,000,000.

According to the Minister of Munitions and Supply, the production of war materials, which has reached a new high peak, will be cut back 35% in Canada as soon as hostilities end in Europe, this curtailment being planned on the basis of estimates prepared by the Allied joint agencies dealing with the economic phases of the war. However, need for all available manpower of the country until Japan is beaten is anticipated. Owing to the enormous unfilled demand for a large variety of civilian goods, the 35% cut in war production is not expected to produce any general problem of unemployment, but it may create local problems arising from the cancellation of contracts in industrial communities, where a heavy concentration of war orders has attracted an abnormally large quota of war workers.

Figures just released show that the cash income of Canadian farmers, a factor of prime importance to the national economy, mounted to a new level in 1944, returns from the sale of farm products being estimated officially at $1,752,000,000 a gain of 25% over the previous year and 143% over 1939. All provinces, with the exception of Prince Edward Island, shared in this upward movement, the most striking gains being registered in the West in income from livestock and grain.

CANADIAN SECURITIES

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Bretton Woods Marks Time

(Continued from page 1483)

are waiting to see what happens here.

The aspect of Bretton Woods which at the moment is causing most comment in Washington is the mysterious and sudden abandonment of the obvious, although officially-denied, Administration pressure to push for Congressional enactment prior to the security conference convoked at San Francisco on April 25. The facts are plain enough. On March 7 the Administration opened its case before the House Banking and Currency Committee. In order to give the Administration a chance to rebut the "opposition"—i.e., those who would modify the Bretton Woods program—the American Bankers Association was brought on commencing March 21, the first of its five intended witnesses being Mr. W. Randolph Burgess, ABA president.

On Friday morning, March 23, while the third ABA witness was on the stand and the fourth one was at the witness table awaiting his turn, Committee Chairman Spence left the room, his chair being taken by Congressman Paul Brown. (D., Ga.). At noon Mr. Brown announced the recessing of the hearing "until the call of the chairman." Since the Committee had been meeting morning and afternoon, it was expected that the bankers would be heard that afternoon or the next day, but it was soon learned that the hearing would not be resumed until after the March 28-April 10 Congressional recess. The present understanding is that the Committee will, following the recess, dispose of two other bills before resuming the Bretton Woods hearing about April 16.

Since the above-mentioned recessing of the hearings on Bretton Woods it has come to public attention that Russia's attitude toward the San Francisco Conference is proving a big disappointment to the Administration. It is concluded from this that the Administration therefore decided to let Bretton Woods take a more leisurely course in Congress.

In this connection, it is interesting to recall an incident during Secretary Morgenthau's testimony on the bill. Congressman Patman had asked the Secretary whether enactment of the Bretton Woods bill by Congress before the San Francisco conference in April would not prove helpful in that conference. The Secretary having replied in the affirmative, Repr. Jessie Sumner of Illinois asked him whether this country would not be in a stronger position at San Francisco if it entered that meeting with Bretton Woods unratified by Congress. To this Mr. Morgenthau answered:

"If the San Francisco Conference had to depend upon this (Bretton Woods enactment as a diplomatic weapon) as a big stick in somebody's closet, then I think that the San Francisco conference will either succeed or fail wholly on the faith of the people who attend it in each other."

It would be odd for the Administration to be taking advice on foreign policy from Miss Sumner.

Probably the reasons for the reduced steam behind the Bretton Woods bill at the moment are multiple. There is, for example, the theory that the Administration has found the House Banking Committee much more interested in the technique of the proposed International Monetary Fund than it anticipated. There was the evident unwillingness of some of the committee members to be rushed. Also, there was the matter of the Boothby letters to the New York Times.

Robert Boothby, conservative member of Parliament now in this country on a tour of lectures to promote good will between this country and Britain, raised questions concerning "certain major obscurities in the final act" of Bretton Woods. His letters, and editorial comment thereon, were published in the New York Times of March 4, 14 and 16. When asked about the Boothby questions, Treasury representatives during the hearings did not attempt to conceal their displeasure and in turn raised a question about Mr. Boothby's motives. They stated that Boothby had been opposed to the Bretton Woods Fund plan even before last year's conference, and that he had made no attempt to confer here with the Treasury Department or the Federal Reserve Board. They provided the committee with their answers to the Boothby questions. But Mr. Boothby—it is said—does not regard the Treasury answers as satisfying.

That the Boothby questions have caused no little annoyance and have been the occasion for consultation between Dr. Harry White and Lord Keynes is a safe conclusion; but whether the answers which are finally prepared will allay the uneasiness which Mr. Boothby has expressed is not so clear. Mr. Boothby states: "Nothing could be more deleterious to the future of Anglo-American relations than that the two countries should sign an agreement, each thinking that it means something quite different. And, in its present form, the final act of Bretton Woods provides ample scope for such a misunderstanding."

Prior to his visit to this country, Mr. Boothby made an address on Bretton Woods which has since been published in London by the Economic Reform Club and Institute under the title, "Goods or Gold?" In it Boothby revealed a sharp cleavage with American thinking on multilateral trade. Boothby favors a strong and expanded sterling area, with bilateral trade and currency arrangements. He doubts Lord Keynes' statement that bilateral agreements are permissible under the Bretton Woods scheme, and states that Keynes, in his anxiety to sell the plan to the British people, "is playing a dangerous game."

Quite apart from Boothby, other British reports have served to unsettle the momentum of the Bretton Woods bill in Washington. One such appeared in the editorial columns of the N. Y. Herald-Tribune of March 22, to the effect that both the British Chancellor of the Exchequer and Lord Keynes had declared that the British Government will adjust the value of the pound whenever Whitehall considers it necessary. Persons familiar with British thinking on this matter would be surprised if that were not the case. Lord Keynes, at least, has long consistently advocated such a course.

In December, 1935, for example, the Monthly Review of Lloyd's Bank Limited published an article, The Future of the Foreign Exchanges, by J. M. Keynes, from which we quote:

> . . . There is a body of tentative conclusions which can be fairly described as the British point of view. . . . The first condition, which must be satisfied before it is worth while to discuss permanent policy, is that the **de facto** rates of exchange, from which we start out, should be in reasonable equilibrium. . . . A set of rates of exchange, which can be established without undue strain on either side and without large movement of gold, . . . will satisfy our condition of equilibrium. . . .
>
> The first condition of avoiding fluctuations of the exchange, . . . is that each central bank should possess a sufficiency of free gold in relation to its economic importance, which it releases without anxiety. . . . (But the world stock of gold being unevenly distributed) clearly, however, the provisions of funds for this limited purpose is a suitable object for international collaboration by central banks acting through the B.I.S. No vast sums would be required, if there was a pooling device by which sums drawn by one bank out of its credit with the BIS Equalization Fund would not be removable by the recipient bank but would have to remain to the credit of this bank with the BIS Fund; but the initial resources of the BIS Equalization Fund must, of course, be provided by the central banks which possess the bulk of the world's gold. This device . . . is not intended to deal with the contingency of a steady drain and would be quite inappropriate for such a purpose.

Keynes went on to recommend a "moderately wide gap between the gold-points"; dealings by central banks or the equalization funds in the forward as well as the spot exchanges, despite the central banks' "habitual exaggeration . . . of the influence of speculation;" and "a strict, though not pedantic, control of the rate of new foreign lending."

"Would it be wise," Keynes asked, ". . . to enter into a permanent undertaking never to allow the gold-value of our money to move outside the narrow range which we have so far contemplated?" Those who advocated "a return to a regime of fixed gold parities" were living in "an unreal world, a fool's world." Keynes saw as outmoded the attempt to correct a "fundamental international maladjustment" by the instrument of bank rate and credit contraction. He added: "But we must retain an ultimate discretion to do whatever is required to relieve a sudden and severe or a gradual and continuing strain."

Between these Keynesian doctrines of a decade ago and His Lordship's current explanation of the Bretton Woods Fund plan to his people there seems to be no inconsistency. What Mr. Boothby apparently objects to in Lord Keynes' recent explanations is an inconsistency between them and the American interpretation of the Bretton Woods document.

These differences in interpretation have not escaped members of the Banking Committee, who are probing for the facts of the case. They have listened attentively to the, in general, very able presentation of the Administration's story; and to the skillful presentation of the ABA case for modification of the program. There is indeed reason to believe that some Administration members had underrated the intelligence of the bankers who testified.

Not all the Government witnesses were of equal quality. Assistant Secretary of State Will Clayton left a poor impression when, as a defendant of the Bretton Woods program he testified that he had not read the Bretton Woods agreement and had not concerned himself with "details." ("I can't abide figures," said the Duchess to Alice in Wonderland.)

The Under Secretary of Commerce introduced in the record figures designed to show a rosy picture of our international investment experience between the wars. His figures "show" that the United States "got out" $8.8 billions more than it invested abroad during the 21 years 1920-1940 (a thesis analyzed at some length by the present writer in the "Commercial and Financial Chronicle" of Dec. 28, 1944). In the Survey of Current Business last November the Commerce Department published a statement similar in purport but very different in the figures on which its conclusion was based.* Before accepting the latest set of statistics and the conclusions the Department would draw from them, the Banking Committee might do well to study the story carefully.

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*The Commerce Department's figures for the 1920-1940 investment experience of the United States are:

(A) November, 1944, statistics: Total invested abroad, $13.4 billions; total "got out," $23.7 billions; excess "got out," $10.3 billions.

(B) Data inserted in the Bretton Woods hearings: Total invested abroad, $18.3 billions; total "got out," $27.1 billions; excess "got out," $8.8 billions.

Guaranty Trust Company of New York

Condensed Statement of Condition, March 31, 1945

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers		$ 517,704,196.36
U. S. Government Obligations		2,159,912,428.58
Loans and Bills Purchased		691,163,638.51
Public Securities	$ 58,077,648.54	
Stock of the Federal Reserve Bank	7,800,000.00	
Other Securities and Obligations	25,976,152.51	
Credits Granted on Acceptances	1,231,884.25	
Accrued Interest and Accounts Receivable	10,079,766.86	
Real Estate Bonds and Mortgages	1,512,114.92	
		104,677,567.08
Bank Buildings		9,492,368.19
Other Real Estate		850,115.65
Total Resources		$3,483,800,314.37

LIABILITIES

Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	45,148,336.25	
Total Capital Funds		$ 305,148,336.25
General Contingency Reserve		34,633,206.15
Deposits	$3,106,648,080.53	
Treasurer's Checks Outstanding	7,604,357.59	
Total Deposits		3,114,252,438.12
Acceptances	$ 4.347,293.69	
Less: Own Acceptances Held for Investment	3,115,409.44	
	$ 1,231,884.25	
Liability as Endorser on Acceptances and Foreign Bills	100,632.00	
Foreign Funds Borrowed	152,550.00	
Dividend Payable April 2, 1945	2,700,000.00	
Items in Transit with Foreign Branches (and Net Difference in Balances between Offices Due to Different Statement Dates of Foreign Branches)	2,490,268.66	
Accounts Payable, Reserve for Expenses, Taxes, etc.	23,090,998.94	
		29,766,333.85
Total Liabilities		$3,483,800,314.37

Securities carried at $799,236,912.68 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

This Statement includes the resources and liabilities of the English and French Branches as of March 26, 1945, and Belgian Branch as of October 31, 1941.

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Essentials of Foreign Policy

(Continued from first page)

people must share that responsibility. The perfectionists among the liberals, quite as much as the reactionaries, contributed to our failure. One has merely to read again what was said a generation ago by our liberal press. Few people were against a league. But they did not like this league, nor did they like the other fellow's league. All of them seemed to want a league which suited them. The Senate of the United States has, I believe, been unjustly maligned.

The responsibility that I would attach to this body is that, in rejecting the League of Nations, it did not suggest some alternative method of establishing and maintaining order in the world. Negation is not enough for this aggressive and restless world. As the poet says, a world is dying and another world is struggling to be born, and the job of creating that new world belongs as much to this Senate as to any other agency in the entire world. We shall be negative again at our own peril, and we shall invite the same travail and tribulation which has kept all mankind in agony for five long and terrible years. In peace, as well as in war, victory will not come to the negative, defensive strategy. A certain boldness, a positive resourcefulness, is essential to win any battle in war or peace.

Under our Constitution this body has the right, and the duty, to advise the Executive on matters of foreign policy. If it cannot consent to the measures presented by the Executive it seems to me imperative that it offer our nation and the world an alternative. If it feels inadequate to this task than certainly it should proceed immediately to accede to the rising demand of the people, that the House of Representatives be given a part in this responsibility. It is very unbecoming of the Senate to act the part of the dog in the manger.

State Department and Foreign Policy

I am sure that some will say that we must rely upon the State Department to formulate our foreign policy. I do not think we can afford to entrust this function exclusively to the State Department. In the first place it is no longer possible to separate foreign from domestic policy. The two are much too closely intertwined, too interdependent, to be regarded as unrelated and separate problems. I know that the welfare of the cotton farmers in Arkansas is directly, and inevitably, dependent upon the maintenance of a free flow of international commerce. When that flow is interrupted by war, as at present, or by a short-sighted tariff like the Smoot-Hawley measure, then we become involved with huge, unmanageable surpluses and such makeshifts as subsidies and loans to cotton producers. No. I do not think a few polished and cultured gentlemen, in the dark and dignified recesses of the State Department, should be entrusted, exclusively, with the formulation of our foreign policy. I hasten to add that I am encouraged by the recent infusion of new blood into the Department and by the favorable reports of the work of Assistant Secretaries Rockefeller and Clayton at Mexico City. Improvement has been made, but much remains to be done.

Our long range policy, if we are to have one, must be based upon a sound appraisal of the true interests of this nation as a whole. There is a tendency, on the part of professional diplomats, to become ultra cynical and to reduce all human interests and desires to the single element of material power. Being detached from the every day life of our citizens, they forget that many people, in fact I think the majority, would prefer to live in peace with their children, at home, than to have all the money, power, and glory in the world. I am confident that the representatives of the people in this body, and in the House of Representatives, can much more accurately evaluate the true desires and interests of our people than can the traditional diplomat who, in the nature of things is isolated from the common man.

I intend no reflection upon the character of any man in our executive department; but it is inherent in their background, and their position, that they be conservative and reluctant to commit our people to any change in the status quo or to the assumption of any new responsibilities. Only recently we have had an example where the participation of the distinguished Senior Senator from Texas (Mr. Connally) and the distinguished Senior Senator from Vermont (Mr. Austin) added backbone and courage to the decisions of our representatives at Mexico City. I should like to read at this point from an editorial from the Washington "Post" of March 6, describing the part played by these gentlemen:

> **Senatorial Cooperation**
>
> From Mexico City—Monday
>
> The job of advising and consenting, which is the Senate's prerogative in our treaty relations with the world, has been given a new definition at Mexico City. Hitherto the initiative in treaty making has been retained by the Executive. All Presidents have been jealous of it. But at Mexico City Senator Austin took the ball as soon as he arrived here and we were treated to the spectacle of a Senator determining the Administration's approach to the continental security pact, and an opposition Senator at that. It was the earnest and disinterested Vermonter who framed the formula on which action was taken Saturday at Mexico City. Senator Connally made Senatorial intervention complete by adding to the declaration what might be called the Connally reservation. Not the slightest resentment has been caused by this Senatorial intervention; indeed, it has been welcomed, for, as Assistant Secretary Rockefeller says: "The Administration wants to know what it can deliver to our Latin American friends." Senator Austin's work is especially the object of comprehensive compliments.

Senators with the experience, and the confidence in their understanding of their people, such as these Senators undoubtedly have, naturally tend to be courageous and bold in their approach to matters of vital interest to their people. To them diplomacy is not merely a game of chess to be played by skillful manoeuvres and double-talk. They know the very lives of their people are involved and they are not afraid to take risks to protect them.

Mexico City was one of the few instances in the history of this nation that the practice of advice as well as consent has been observed in the strict sense which was meant by the makers of our Constitution. The last time of any importance was in 1846, nearly 100 years ago. The question of the Oregon boundary dispute had become a political issue in the Presidential contest, along with that of the annexation of Texas. James K. Polk was elected on a platform which demanded a settlement epitomized in the campaign slogan of the Democrats, "Fifty-four-forty or Fight." In the course of the subsequent negotiations President Polk sought and received in advance the advice of the full Senate itself, not upon the matter of ratification (since there was nothing to ratify) but upon the formulation in detail of the treaty, which was eventually adopted. At Mexico City, judging from the newspaper report which I have referred to, members of this Senate were consulted in advance of the Act of Chapultepec, and aided mightily in the formulation of that Act. We have to go back a hundred years for a precedent to this historic proceeding—a proceeding which, as I say, was envisaged by the Constitution-makers when they wrote the "advice and consent" clause into our Constitution.

Clarified Basic Principles of Policy Needed

It seems to me most urgent, Mr. President, that this body should proceed in the near future, to the consideration of the basic principles of our foreign policy. The time is drawing near when the great decisions must be made. Unless some means is found to clarify many of the issues involved in these decisions beforehand, then, necessarily, our representatives will be forced to improvise in the dark and by guesswork.

For example, there is a common belief, perhaps a myth, that our people are anti-British. There are several powerful newspapers in this country which for many years have drilled into the minds of their millions of readers hate and distrust of the British. The same papers, and other papers, have done likewise with regard to the Russians, the Jews and, for that matter, all "furriners," as one Governor of a sovereign State used to put it. I do not believe the majority of our people, or the majority of this Senate, subscribes to these narrow prejudices. However, if these matters were clearly and reasonably discussed, along with other matters of similar importance, I think it would do much to reassure our allies in the United Nations and to strengthen the courage of our own representatives. On the other hand, if it be true, which I cannot believe, that we do hate and distrust our allies, then we, and they, should know about it. If these powerful influences in our press have so far poisoned the minds of our people that they do not desire to cooperate positively and concretely with

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Statement of Condition, March 31, 1945

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United States Government Securities	63,653,091.46
State, Municipal and Other Public Securities	37,658,107.80
Other Marketable Securities	4,225,029.77
Loans and Discounts	36,568,536.20
Customers' Liability on Acceptances	6,150,823.51
Other Assets	649,011.05
	$183,559,187.27

LIABILITIES

Deposits—Demand	$157,381,674.47	
Deposits—Time	4,286,016.91	$161,667,691.38
Acceptances	$ 7,018,192.72	
Less Held in Portfolio	355,077.92	6,663,114.80
Accrued Interest, Expenses, etc.		103,195.77
Reserve for Contingencies		1,500,000.00
Capital	$ 2,000,000.00	
Surplus	11,625,185.32	13,625,185.32
		$183,559,187.27

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Statement of Condition (Comptroller's Call) March 20, 1945

RESOURCES

Cash on Hand and Due from Other Banks	$32,753,458.37	
United States Government Securities, Direct or Guaranteed	61,524,998.39	
		$94,278,456.76
State and Municipal Securities		460,326.39
Federal Land Bank Bonds		38,350.06
Stock in Federal Reserve Bank		90,000.00
Other Securities		100,000.00
Loans and Discounts		3,952,480.57
Bank Premises and Furniture and Fixtures		713,544.31
Other Real Estate		8,876.00
Accrued Income Receivable		200,204.79
Prepaid Expenses		79,945.04
Other Assets		7,534.69
		$99,929,718.91

LIABILITIES

Deposits:		
Demand	$56,667,473.43	
Savings	7,456,223.29	
United States Government	9,484,990.30	
State and Municipal	11,369,589.65	
Deposits of Banks	10,328,134.77	
Other Deposits	635,403.20	
		$95,991,814.64
Capital Account:		
Common Stock	1,500,000.00	
Surplus	1,500,000.00	
Undivided Profits	677,863.48	
		3,677,863.48
Income Collected, Not Earned		2,279.82
Reserve for Taxes and Other Expenses		247,640.32
Other Liabilities		10,120.65
		$99,929,718.91

United States Government Securities carried at $27,952,000.00 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

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our allies, then an entirely different policy from that now proposed should be pursued.

I think that a thorough examination on the floor of this Senate, of the history of our relations with Great Britain, would do more than all the treaties in the world to strengthen our relations. The American people should be told by their Senators why it is that twice in 25 years we have been drawn into a war on the side of Britain and France and Russia. Upon examination it might appear that we have entered both these wars for excellent and compelling reasons, rather than because of the trickery and ambition of the British as the Chicago Tribune would have us believe. It may be that we entered these wars because it was the only possible way to preserve our very freedom and independence about which even the Tribune professes concern. It could be that we were influenced by the fact that our basic institutions, our common law, our ideas of justice and the dignity of the individual human being, were derived to a great extent from the British, the French, the Greeks and the Jews. It might be that the fact we are a Christian people influenced us, when it was a choice between subservience, if not slavery, to the ruthless paganism of the Germans, or war in support of other Christian peoples. The similarity of the moral standards of our peoples, the love of family, the regard for contractual obligations, the abhorrence of torture and persecution, the distrust of a tyrannical and oppressive government, all of these considerations may have lead us instinctively to the making of these decisions. If it be true that reasons of this character did, and do, exist, then we should acknowledge them in order that a definite policy based upon sound and true consideration be firmly adopted. These things do not happen just by chance. There surely are good reasons, and all of us, and all the people, should know them.

Further, it should be made clear to our people that in entering an international organization, we are doing so, not because of charity or because we love the British, the French, the Chinese, or the Russians. If there is reason for doing it, it is because it is for our own national self interest. We have more to lose from chaos, and more to gain from the pursuits of peace, than any other people. We must recognize from the outset that, to make such an organization work, will require our best brains, much patience, and much of our worldly goods. We must be convinced, however, that it will require less of all of these things to make peace than to have another war, or it obviously would not be a good bargain.

Mr. President, I believe that the American people are profoundly interested, and I know that I am deeply interested, in understanding the what and the why of our foreign policy, if any. Since I have been a member of this body, relatively little time has been spent upon this subject. In the hope that I may promote discussions, and criticisms, out of which better understanding may evolve, I am venturing a few observations.

Have We a Foreign Policy?

During the last several years I have heard various people say that we have no recognizable foreign policy. I am inclined to agree. By policy is meant, "a settled or definite course or plan adopted for followed by the government." To be definite and settled is of the essence of policy. To be definite, the men responsible for carrying out a policy, must know what they are doing and why they are doing it or it isn't definite. To be settled this knowledge must flow from a responsible source, in our case the people of this country, or it cannot be settled.

Prior to the first world war, in spite of some wavering from time to time, our policy was that of isolation. It was settled and definite. It was justified by the remoteness of our land from comparable great powers and was in accord with the wishes of our people. Our ancestors had come here with the express purpose of getting away from the oppression and disturbances of the old world. The first world war unsettled that policy. President Wilson, and others, sensed the fact that isolation had become in fact impossible, but they were unable to control the government. The habits and prejudices of more than a century were too strong, even for the obvious implications of modern science, as exemplified by the motor car, the airplane and the radio. The abortive effort of Wilson to adjust our policy to the new conditions of the world, by means of the League of Nations, left our people divided and unable to agree upon any policy. We knew neither what we were doing nor why. Instead of having a policy, we improvised upon considerations of the moment.

We declined to join the League and use our power and influence collectively, to establish order and peace. On the other hand we participated in disarmament conferences and proceeded to weaken our armed forces. We had neither force, nor collective security, to protect us. At the peace conference we insisted upon further fragmentation of an already chaotic political structure and at the same time refused to erect any responsible authority to protect our handiwork. We insisted upon the collection of war debts and at the same time erected tariff barriers which made such payment impossible. We made pious declarations against war in the Kellogg Pact and yet did nothing concrete when Manchuria and Ethiopia were invaded. Our Ambassadors reported preparations for war in Germany and Japan long before 1939, yet we continued to sell materials of war. We passed a neutrality act which was more to the benefit of our enemies than our friends; and so, not long thereafter, we had to transfer 50 destroyers to Great Britain. If there was anything definite, or settled, about our course of conduct, I am unable to see it.

Our floundering and purposeless conduct during this period was due, I believe, to the fact that, as a nation, we did not understand our proper role in the world and had failed to examine and agree upon certain basic convictions which are essential to any policy. Although we had done more than any other nation to develop the scientific technology which destroyed our isolation, we refused to acknowledge the result. We were unable to disentangle our prejudices and superficial dislikes from considerations of major importance to our welfare. Like any person unsure of his convictions, we were timid and reticent in our approach to problems of foreign relations. In short, we were bewildered and therefore we improvised from day to day.

It is conceivable that, as the leading industrial nation, we might have embarked upon a career of imperialism designed to control the world by force. Germany, in fact, attempted this solution. But such a policy is alien to all our history and to all our instincts. This policy is so at variance with our very nature that I do not think it could have been followed with success then, nor do I think it can be followed now. On the other hand, I think a system of collective security is not only the best hope for success, but it is also the only one consistent with our political and moral standards of conduct. The principal question that remains in my mind is, whether or not we are sufficiently convinced of the necessity of collective security to be willing to make the necessary economic and psychological adjustments.

Action as Well as Documents

Many people have assumed that because the House of Representatives, the Senate and the President have declared for collective security, the job is done. But the establishing of order and the making of peace does not consist merely of a solemn declaration or a well-drafted constitution. The making of peace is a continuing process that must go on from day to day, from year to year, so long as our civilization shall last. Our participation in this process is not just the signing of a charter with a big red seal. It is a daily task, a positive participation in all the details and decisions which together constitute a living and growing policy. What an empty shell the Dumbarton Oaks proposals will be, even if complete agreement is reached at San Francisco if, at the same time, or in the near future, we are unable to agree upon such things as exchange and monetary matters, aviation, the free flow of information, trade barriers, cartels, armaments and oil. Surely we all know by this time, that political solidarity in this suffering world is dependent, in the final analysis, upon economic stability.

I do not mean that all of these problems must be solved immediately, and at once, to the satisfaction of all. I do think it very important that the American people, and all people, recognize that these matters are inherently involved in any system of mutual security, and that adjustments and temporary sacrifices must be made. They should be told that the price of peace is high. How high it is, is difficult to estimate; but I am confident that it will not be nearly as high as the price of war. However, unless we are prepared to make these payments for peace we might as well recognize now the futility of Dumbarton Oaks or San Francisco.

I said temporary sacrifices, for I am convinced that because of our enormous power to produce wealth of all kinds, given a reasonable length of time in which we are free from the threat of war, or war itself, we can more than repay ourselves for any reasonable concessions we may make in the way of loans, tariffs or outright relief. There are vast areas of the world, with untold wealth, that can be developed if we can be reasonably sure of peace. We can be sure as the areas are developed that we shall share with the rest of the world in the benefits of those developments, so I repeat that our sacrifices will be temporary if we can establish and maintain peace.

In addition to the material costs of peace there are other adjustments which must be made and which may prove more painful to many of us than the payment of gold. We must give up some of our most cherished prejudices if we are to work in harmony with other peoples. No plan on earth can assure us of anything re-

(Continued on page 1511)

MANUFACTURERS
TRUST COMPANY

Condensed Statement of Condition as at close of business March 31, 1945

RESOURCES

Cash and Due from Banks	$ 378,712,246.59
U. S. Government Securities	1,149,132,012.74
U. S. Government Insured F. H. A. Mortgages	4,901,542.54
State and Municipal Bonds	26,818,959.18
Stock of Federal Reserve Bank	2,220,300.00
Other Securities	20,264,312.68
Loans, Bills Purchased and Bankers' Acceptances	340,326,891.59
Mortgages	13,161,788.56
Banking Houses	11,681,530.67
Other Real Estate Equities	516,963.23
Customers' Liability for Acceptances	4,159,083.61
Accrued Interest and Other Resources	5,928,850.63
	$1,957,824,482.02

LIABILITIES

Preferred Stock	$ 7,712,300.00	
Common Stock	32,998,440.00	
Surplus	33,000,000.00	
Undivided Profits	20,384,160.33	$94,094,900.33
Reserves for Contingencies, Taxes, Unearned Discount, etc.		12,731,266.15
Dividend on Common Stock (Payable April 2, 1945)		824,959.50
Dividend on Preferred Stock (Payable April 15, 1945)		192,807.50
Outstanding Acceptances		4,522,578.17
Liability as Endorser on Acceptances and Foreign Bills		240,323.58
Deposits		1,845,217,646.79
		$1,957,824,482.02

United States Government securities carried at $219,679,307.36 are pledged to secure U. S. Government War Loan Deposits of $188,142,748.31 and other public funds and trust deposits, and for other purposes as required or permitted by law.

DIRECTORS

EDWIN M. ALLEN
Chairman, Mathieson Alkali Works, Inc.
EDWIN J. BEINECKE
Chairman, The Sperry & Hutchinson Co.
EDGAR S. BLOOM
President, Atlantic, Gulf and West Indies Steamship Lines
LOU R. CRANDALL
President, George A. Fuller Company
CHARLES A. DANA
President, Spicer Manufacturing Corp.
HORACE C. FLANIGAN
Vice-President
JOHN M. FRANKLIN
New York City
CHARLES FROEB
Chairman, Lincoln Savings Bank
PAOLINO GERLI
President, E. Gerli & Co., Inc.
HARVEY D. GIBSON
President
JOHN L. JOHNSTON
President, Lambert Company
OSWALD L. JOHNSTON
Simpson Thacher & Bartlett
CHARLES L. JONES
The Charles L. Jones Company
SAMUEL McROBERTS
New York City
JOHN T. MADDEN
President, Emigrant Industrial Savings Bank
JOHN P. MAGUIRE
President, John P. Maguire & Co., Inc.
C. R. PALMER
President, Cluett, Peabody & Co., Inc.
GEORGE J. PATTERSON
President, Scranton & Lehigh Coal Co.
HAROLD C. RICHARD
Chairman, General Bronze Corporation
HAROLD V. SMITH
President, Home Insurance Co.
ERNEST STAUFFEN
Chairman, Trust Committee
GUY W. VAUGHAN
President, Curtiss-Wright Corporation
HENRY C. VON ELM
Vice-Chairman of the Board
ALBERT N. WILLIAMS
President, Western Union Telegraph Company

Principal Office: 55 Broad Street, New York City

68 BANKING OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System *Member New York Clearing House Association*
Member Federal Deposit Insurance Corporation

Preferred shares, all of which are held by institutions and other investors, have a par value of $20 and are convertible into and have a preference over the Common to the extent of $50 per share and accrued dividends.

Resistoflex Corporation
Common Stock
Prospectus upon request
HERRICK, WADDELL & CO., INC.
55 LIBERTY STREET, NEW YORK 5, N. Y.

The Securities Salesman's Corner

An Interesting Presentation, Not Statistics, Makes Sales.

By JOHN DUTTON

From the viewpoint of the salesman of securities, the balance sheet is about the most ineffective subject which he can discuss. Only a few investors are interested in figures and facts. They can readily be ascertained, and they fall into several general classifications. Professional investors and institutional buyers are sometimes interested in an interpretation of figures. The business man with an inquiring mind and a flair for figures, will be interested in a discussion of the merits of an investment from this viewpoint. The person with an engineering, or an accounting background, will also follow an analytical discussion of this sort, and can be convinced through such a sales presentation, providing the figures, and the other factors behind them, carry conviction.

Despite the fact that the Securities Exchange Act has made it mandatory that underwriters and issuers of new securities must deliver a voluminous dissertation regarding the history and background of the issuer, very few individual investors have ever read the things. Designed to protect the investor by giving him access to complete information, the prospectuses in use today are so forbidding and voluminous, that actual experience has proven that few individual investors ever bother with them. Most salesmen will vouch for the fact that they go into the waste basket almost as soon as received. This proves that from the salesman's point of view most people don't want to hear a lot of reasons why they should buy a security, especially if they are statistical reasons.

As far as we can discover, practical field experiences in the sale of securities as well as the experiences of others, indicates that the first fundamental stepping stone to success in the retailing of securities is based upon building a solid foundation of confidence in the personal relationship which exists between customer and salesman. After this basis of mutual trust, understanding and respect is developed, the actual selling of securities becomes a simple matter of determination. Then the salesman can dispense with technical and detailed analysis of a particular security. The customer is no longer buying a balance sheet or an income account. The salesman who has reached this point has a different task than selling a particular security. His position is now more of a consultant than a salesman. He should determine when certain securities appear to be overvalued and bring the facts to the attention of his customer. He likewise suggests undervalued opportunities, and may, or may not go into detail regarding facts and figures to prove his point. THE ONLY TIME A GOOD SALESMAN USES FIGURES IS WHEN HE HAS BEEN ASKED TO USE THEM. HE THEN PRESENTS THEM SIMPLY, WITHOUT COMPLICATION, AND IN A MANNER THAT ANSWERS HIS CUSTOMER'S QUERY.

The most effective method of illustrating any point is to tell a story IN THE LANGUAGE THAT THE OTHER FELLOW CAN UNDERSTAND. The following case is but one illustration of the use of this method of selling, which successful salesmen in every line of sales endeavor are using today. There was a case where two elderly sisters had done business with a certain security salesman for a number of years. Investment results were satisfactory to them both. However, one of the sisters handled the larger share of the details of purchase and sale of the investments. The other sister never seemed to be completely sold on the idea of investment in securities and her confidence in security salesmen as a whole was considerably less than it should have been after quite a few years of satisfactory investment experience.

The salesman in this case realized that he only shared the full confidence of one, and about 50% of the other, of these two accounts. One day his opportunity came about and this is the way he proceeded to eradicate a lack of confidence and replace this condition with understanding and trust. The fearful sister finally made a statement to the effect that the thing that worried her was her memories of the real estate bonds which she bought in the twenties. They too were good investments for a while, just the same as the things she had bought during the past few years; but they went to pot eventually and she was afraid this would happen again.

Here was a typical case: There are more investors who know so very, very little about securities, economics, business, and what makes the wheels go round, than there are WHO DO KNOW THESE THINGS. This salesman saw his opportunity. He answered with a simple little story that this good woman could understand. He didn't go into FIGURES, ECONOMICS, POLITICS, STUDIES OF THE PRICE LEVEL, REAL ESTATE MORTGAGE CONDITIONS AND WHAT HAVE YOU. Instead he quietly proceeded to tell this story: "You know," said he, "things have changed a great deal since you bought those bonds, Miss ———. After all, the investment business has been growing and learning like everything else in our country. You will remember that the FIRST TIME PEOPLE REALLY BEGAN TO INVEST IN SECURITIES ON A GENERAL SCALE WAS ONLY ABOUT 28 YEARS AGO. This was during the first World War when people bought Liberty Bonds. Then came the next ten years, when investment firms and private investors were financing all kinds of new projects, many of which they themselves did not understand. Real estate mortgages such as you bought then were considered good investments. The man who sold them to you originally no doubt had the best intentions, and you also should not be criticised for your judgment at that time. You see, **when you bought those bonds** THEY WERE A GOOD INVESTMENT. But times have changed. Today we know from experience that no investment remains good indefinitely. That is why, when I sell you a security today it is immediately placed upon a constant record file in our office and a periodical checkup of the earning power and value which lies behind that investment is maintained by our office. When you owned those real estate bonds the first time you knew something was wrong with that investment was when you went to the bank to cash your coupons and the Teller told you that there was no interest to pay them, isn't that right? But those bonds started to depreciate in value several years before they actually defaulted. That was when you should have been notified that your security was becoming weaker. Today we know better. Today we know that all investments need watching, and care, AFTER OUR CUSTOMERS HAVE BOUGHT THEM. That is why we have learned to do a better job for our customers in the investment business today. It pays us to do these things because we keep our customers through looking out for their welfare and their securities, after they have bought them."

This is the general outline of how this salesman went about eradicating a phobia and replacing it with confidence and trust. No figures, no statistics, BUT GOOD FACTS, INTERESTING FACTS, FACTS WHICH THIS CUSTOMER COULD UNDERSTAND—THAT'S THE KIND OF SALESMANSHIP WHICH WILL PRODUCE RESULTS.

Tomorrow's Markets Walter Whyte Says——

Current action points to end of recent break. Major trend still up. Expect resistance about 157 followed by temporary reaction and then another up-swing.

By WALTER WHYTE

Last week we saw the market get down and when it reached the 153 Dow level it stopped. A few hours—that is market hours—later it turned up. Now the problem facing us is how far up will it go and was the sudden break of two weeks ago a signal for a major turn.

* * *

Taking the second question first my impression remains that the major trend is still up and the recent setback was a secondary reaction which didn't change the picture. There is even a possibility, a good one too, that the current up-turn is the beginning of what technicians call a "second leg" of the advance. This brings us to the first question.

On the last rally we saw the industrials move ahead until they reached the 161-163 level. At that point individual stocks began to signal trouble ahead, though there were other stocks which continued to display strength; the rails were outstanding. In looking back at the old highs it begins to appear that the recent peaks are not just one of those things. They consist of many factors which will have to be overcome before any real solid advance can follow. For example the peak has within it a number of frozen accounts. They became frozen when the new margin requirements went into effect. An account with 100 shares of a ten dollar stock and 100 shares of $25 stock, both in the black, may have considered itself safe. But when new margins went into effect the added loaning value brought about by the profits were nullified. The ten dollar stocks were out of the loaning class. While the number of such accounts isn't large, my guess is that at least 2,000 individuals were hit by the regulation. Unfortunately most of these felt the pinch at the recent tops. Also a great deal of the buying was at the top. People are seldom interested in buying stocks or anything else for that matter unless the demand is great. A great many market tops are made in just that fashion.

* * *

Assuming enough strength is generated in the near future, the 161-63 level, as it stands today, will stop the advance. How long it will remain a barrier depends on still other factors which need not be gone into here. But given usual market conditions such a top must be approached slowly before it is penetrated.

* * *

My opinion is that the market will feel the effects of this overhanging stock at approximately 157. From that point it is possible that another reaction, say to 154-55 will take place. The pendulum will decrease its swinging until stock on top has either been tired out and forced to sell or some electrifying news jolts it into action. I don't, however, expect the market to get under last week's lows.

* * *

It is during such periods, characterized by dullness and sometimes disgust, that the so-called good buying goes on. In line with this I'm suggesting the addition of one more stock to the list you already have. I recommend buying Hercules Motors between 27 and 28 with a stop at 24½. Stock is now 27½.

* * *

You hold the following:
Hudson Motors at 18, stop at 16.
Jones & Laughlin at 29 with a stop at 27.
Phelps Dodge at 27 with a stop at 25.
U. S. Rubber at 56 with a stop at 53.
U. S. Steel at 59 with a stop at 59.

* * *

All of the above continue to act okay, so I see no need to disturb them.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Kuhn Loeb & Co. Offers $54,000,000 3% Bds. of Cgo. & North West.

An underwriting group headed by Kuhn, Loeb & Co. on April 4 was awarded $54,000,000 first mortgage bonds, series B, 3%, of Chicago and North Western Railway. The bonds, dated Jan. 1, 1945 and maturing Jan. 1, 1989, are being offered to the public at 100% and accrued interest. Sale of these bonds is subject to the approval of the Interstate Commerce Commission.

Proceeds from the sale of the series B bonds, together with sinking fund moneys and other corporate funds, will be used to redeem on July 1, 1945, $54,364,442 aggregate principal amount of bonds presently outstanding.

The series B bonds are redeemable at the option of the company on 60 days' notice or as a whole or in part on any interest payment date for the debt retirement sinking fund at 105% for redemptions made between 1945 and 1949 and at prices running down to par. The bonds also are redeemable as a whole or in part on any interest payment date for the sinking fund at prices from 102% to par.

Pacific Coast Securities
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Schwabacher & Co.
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14 Wall Street New York 5, N. Y.
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And other Exchanges
N. Y. Cotton Exchange Bldg.
NEW YORK 4, N. Y.
CHICAGO DETROIT PITTSBURGH
GENEVA, SWITZERLAND

Essentials of Foreign Policy

(Continued from page 1509)

sembling a peaceful future unless, supporting it, are the positive forces of public opinion. The beliefs and convictions of the people must be in accord with our policy or it cannot be definite and settled.

Must Abandon Prejudices

Among the prejudices which we must examine, I need mention only a few to illustrate my point. Foremost among them is the Anti-British already referred to. I shall not go further into that except to urge most serious consideration as to whether or not we desire to see the power and influence of the British people destroyed. Is it not true that in assisting Britain and the Commonwealth of Nations, we were in fact preserving friends who are, in a very real sense, indispensable to our own welfare and the welfare of democratic freedom-loving peoples everywhere? In this troubled and violent world is it not true that we would feel quite alone in the world if the British Commonwealth of Nations had been subjugated, by the tyranny of the Nazis, and its resources directed against us? If that be true then whose chestnuts did we pull out of the fire!

Another powerful prejudice which has affected our policy, and is vital to our future, is our fear of Russia and Communism. Until the Revolution in Russia, we had always been on friendly terms. We had never fought her. We made one very profitable deal with her when we bought Alaska for $7,200,000 (?) and promptly extracted more than $400,000,000 in gold from its mountains. Even the Tribune should approve of that. And yet, after the Revolution was established by Lenin, we refused to recognize Russia until 1933, the last of the major nations to do so. Moreover, we sent two armed expeditions against her without provocation. When one recalls the birth of our own nation—that in 1776 our forefathers were regarded as being quite as radical by the rest of the world, as Lenin was in 1920—isn't it strange that we should be so harsh toward Russia? Since we have been the most successful revolutionary people in history, why are we so critical of others who follow our example? Surely it cannot be because we approved of Tsarist Russia with its illiteracy and abject, grinding poverty. As I read history, the Russian experiment in socialism is scarcely more radical under modern conditions than the Declaration of Independence was in the days of George III!

I realize that it is not popular even to compare Russia with ourselves, and yet it is necessary to get our ideas straight. When I hear the unbridled and intemperate attacks upon Russia by some of our own people, I cannot help but be troubled. If these people, who profess such profound love and faith for our American system, are sincere in this faith, then why are they so afraid of Russia? I have a feeling that the real reason for their hate and distrust is their lack of faith in our own system!

I believe firmly in the superiority of our Democratic Capitalistic system and desire to preserve it. But we should remember that capitalism is not divine and inviolable. It was not handed down to us by the Almighty, and to question it, or test it, is neither sacrilegious nor treasonable. We have capitalism, and can defend it, because it has by all standards of decency, provided better conditions for more people, than any other system on earth. It is of value to us, and is defensible, only so long as it maintains that record.

The highly emotional attacks upon communism and Russia, by some of our public orators, is an indication of the weakness of their faith in our system. We must demonstrate the superiority of individual initiative under capitalism, by our results, by the provision of a superior way of life, and not by the violence of our oratory.

Russia is a great and powerful nation. She can become either a good friend and customer, exerting her influence for peace and stability, or she can become an enemy using every opportunity to thwart us. The Russia of today is a product of a history less fortunate than ours. I do not believe the Soviets desire to dominate the world as the Germans do. They have given no evidence that they believe they are supermen. Russia like America is a nation of many races and I can see no real reason why we cannot get along peaceably.

If this is sound reasoning, then we should make up our minds as to our basic attitude and stop the irritating and confusing practice of condemnation on the one hand, and praise on the other. Our policy should be one of respect, and consideration, for a valiant ally in peace as well as war; at least until some compelling reason to alter our views intervenes.

The "Santa Claus" Myth

Another myth that confuses our attitude toward the other nations is the oft repeated statement that "we have always been a Santa Claus to the world." The more selfish among us call us "Uncle Sap." The implication from these statements is that we are soft headed, starry eyed idealists who know nothing of the realities of this hard-fisted world. It would take too much time fully to explore this thoroughly false prejudice. Its plausibility, and the evil of it, arises from the confusion of two different ideas. The idea of charity in regard to which we have been, and should continue to be, generous is confused with the idea that we do not know how to look after our own interests in a business deal. One often hears, when on the floor of the Senate, that Great Britain is too smart for us, that they always out-trade us. If we are so stupid, how is it that we are the richest and most powerful nation in the world? Are we Americans willing to admit that all our success is due solely to luck? I am not ready to admit that our people are inferior in brains, or ability, to the British or any other people. This whole line of attack upon our policy of cooperation is so silly that it would not warrant attention, except that it is so constantly repeated that it, like Hitler's lies, has found receptive ears among the uninformed. How ridiculous it would be for the United States to refrain from dealing with other nations because we are too silly and stupid to know what we are about!

A slightly different aspect of this same myth is the belief that in every international conference we always lose and the British always have their way. There is a basic difference in the attitude of the British and the Americans toward a compromise. The British for centuries have been great political compromisers. They call it muddling through. Their constitution is a collection of compromises with necessity. We think of our Constitution as a sacred set of principles inviolable and immutable. When an American representative compromises at a conference, we always regard it as a giving up of our principles and high ideals. When the British compromise, they regard it merely as the inclusion of some of the ideals of the opposition. This difference is largely one of attitude, not of substance.

A New Sovereignty Concept

Another idea around which there clusters much confusion and misunderstanding is the concept of national sovereignty. I know of no word more abused and misunderstood than "sovereignty." I confess that I share in that confusion. It is primarily for that reason that I object to its use in declarations of policy or instruments of agreement. In the minds of many the word "sovereignty" has some mystical connotation in some way associated with divinity. In days gone by, when men were slaves, their masters imposed their will by an appeal to the divine right of kings. "Your sovereign by appointment from the All Highest" was the doctrine.

It is obvious that few modern States possess the attributes of sovereignty, as the word was understood in the days of the Divine Right of Kings. Americans, especially, have never regarded the State, as such, as sovereign. It is the servant of the people; and the people reserved the right to control their servant, or to change its character whenever they think it fitting and proper to do so. The divinity of rulers, or of States, has no place in the modern world.

The first principle of the Dumbarton Oaks proposals states that "the organization is based on the principle of the sovereign equality of all peace-loving States." If this means that the members of the organization agree not to use the power of the organization to destroy the identity, the culture and the independence of the various members by force, it is acceptable. On the other hand, if it means that the organization undertakes to preserve, for all time, every member State as it presently exists, I think it is unwise.

The organization should not be the instrument of reaction nor the means of freezing the status quo forever. On the contrary, it should be the means by which the development of the world can be orderly. It should be the means by which desirable changes are dictated by reason rather than by brute force. It should not be an eternal obstacle to the many changes in the political map of the world which the welfare of the people may demand.

Sovereignty, as applied to a State, if it means anything today, surely means that a State is sufficiently independent economically, politically and physically to defend itself and provide for the security and happiness of its own people. In this turbulent world, can it be seriously contended that the vast majority of existing States are sovereign powers? It seems to me to offend one's common sense, regardless of fine-spun political theory, to insist that Luxembourg with 300,000 people, Panama with 635,000, Liechtenstein with 11,000, or Andora with 5,000 must be given the same power in the organization as the United States with 135 million, Russia with 190 million and China with 450 million. It was in recognition of the absurdity of this proposition that the Security Council with its permanent members was created.

I wish to make it clear that I am not objecting to the structure of the organization. In fact, I think it is probably the best solution that could be worked out under present conditions. My purpose is merely to meet to some extent, the critics who insist upon regarding all States as equal when in fact they are not. I look forward to the day when the States or Federations of the States of the World, as the result of peaceful and rational changes, will become more nearly equal in their ability to provide decent conditions for the people and to prevent the use of violence as an instrument for decision.

My objection to the use of the word sovereignty is that it is subject to no clear definition and that it may be used by narrow minded people to prevent the orderly evolution of the organization into increasingly effective machinery for peace and security.

Public Should Be Advised

In conclusion, Mr. President, may I repeat that I think it is most urgent that the people of this nation should give sustained and serious consideration to our long term relations with the other peoples of the world. If we are to have a definite and settled policy for the guidance of our representatives, the people must understand, and must develop convictions regarding that policy. I believe it is dangerous in the highest degree to continue to improvise from day to day, in answer to fleeting and superficial emotions.

Since this Senate shares the responsibility for translating into action our foreign policy, it obviously is our duty to assist the people in determining what that policy shall be. By the greatest good fortune, and enormous sacrifice, we have earned a second opportunity to help save the world and ourselves from self-destruction. Twenty-five years ago the Senate of the United States did not advise the President or the People and it rejected the Treaty. This time I urgently recommend that we advise them both in preparing a treaty which we can then accept, so that this troubled world can live again in peace, free from fear of another world cataclysm arising out of the refusal of those who will win this war to accept the responsibility for the peace. Let us seek peace, and let us insure it with all our talents and then a better life may dawn for all mankind.

Rath Packing Common Offered Publicly

Kidder, Peabody & Co. and associates on April 3 offered, subject to prior subscription rights of common and preferred stockholders, 200,000 shares of common stock (par $10) of Rath Packing Co. at $33.75 a share.

Common stockholders of record March 29, 1945, are given the prior right to subscribe at $33.75 a share for the shares of new common stock in the ratio of one additional share for each 3½ common shares held. The company also is offering holders of its 30,000 outstanding shares of 5% cumulative preferred stock the right, during the same period, to subscribe at the same price for shares not subscribed for by common holders. The subscription privilege expires April 9, 1945.

THE PUBLIC NATIONAL BANK
AND TRUST COMPANY OF NEW YORK
Main Office, 37 Broad Street

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CONDENSED STATEMENT
OF CONDITION

March 31, 1945

RESOURCES

Cash and Due from Banks	$80,525,666.43
U. S. Government Securities	253,268,726.24
State and Municipal Securities	6,056,568.59
Other Securities	2,686,357.09
Loans and Discounts	101,579,618.65
Customers' Liability for Acceptances	696,025.83
Stock of the Federal Reserve Bank	501,000.00
Banking Houses	1,963,176.72
Other Real Estate	40,143.66
Accrued Interest Receivable	834,487.62
Other Assets	267,127.52
	$448,418,898.35

LIABILITIES

Capital	$7,700,000.00	
Surplus	9,000,000.00	
Undivided Profits	4,117,374.09	$20,817,374.09
Dividend Payable April 2, 1945		165,000.00
Unearned Discount		268,621.49
Reserved for Interest, Taxes, Contingencies		3,472,354.08
Acceptances	$1,763,949.34	
Less: Own in Portfolio	1,062,165.89	701,783.45
Other Liabilities		207,405.55
Deposits		422,786,359.69
		$448,418,898.35

Securities carried at $38,854,654.64 are pledged to secure U. S. Government War Loan Deposits of $36,875,662.22 and other public and trust deposits, and for other purposes as required or permitted by law.

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Great Britain's Post-War Problems

(Continued from first page)

and £50 million. She met this, in the main, by the sale of foreign assets. What brought about so drastic a change in her trading position? Two things. First, a sharp decline in the world markets for her traditional lines of exported goods. For instance, her exports of cotton and wool textiles fell from £268 million to £104 million; of coal and coke from £78 million to £41 million; and of iron and steel and manufactures thereof from £74 million to £48 million. Second, the failure of British industrialists to maintain a fair share of world trade in new and expanding markets. There was an increase of about £20 million in the exports of machinery, road vehicles, and electrical goods. This was quite insufficient to offset the decline in the traditional exporting industries, which bore the brunt of recurrent depressions, and carried the main load of unemployment.

Since the outbreak of the present war the economy of Great Britain has undergone further marked change, and, in some aspects, deterioration. She is no longer a creditor, but a debtor nation. In 1940, under the cash-and-carry arrangement, she was obliged to realize over £1,000 million of her foreign assets in order to pay for the raw materials and goods she required for the purpose of waging war. So far as the U. S. A. is concerned this process ceased with the introduction of Lend-Lease. But Great Britain has continued to borrow heavily for war purposes from countries within the sterling area. At the conclusion of hostilities the sterling balances in London, representing British short-term indebtedness to the Dominions, India, Egypt, and the Argentine, will amount to something in the neighborhood of £4,000 million. They will exceed the total of British foreign assets. In the meantime they are blocked.

What will the position of Great Britain be in respect of her balance of payments after the war? Here we enter the realm of speculation. We do not yet know with any degree of accuracy what our losses will be in the fields of foreign investment, shipping, and banking and insurance services. We may, however, legitimately assume that our invisible exports from all sources will in no circumstances fall below £150 million per annum. (E. F. Schumacher, a cautious statistician, estimates them at £180 million.) This means that, in order to obtain the same quantity of imports as she did before the war, Great Britain will have to increase her export of goods from a net figure of £400 million to £600 million, or approximately fifty per cent.

As against this we have to put an annual increase in home food production, achieved during the war, of £200 million; and the certainty of a greatly expanded industrial production if anything like full employment is achieved after the war. While this will involve larger imports of some raw materials, it will also mean that a smaller proportion of the total national output will have to be devoted to the purpose of export. These important considerations are usually omitted from the pictures of Britain's post-war economic position painted by the professional jeremiahs.

Two Major Problems

Great Britain will therefore have two major economic problems to face and solve when the war is over. The problem of how to obtain from abroad a sufficient quantity of food and raw materials to maintain her standard of life, and to ensure the smooth functioning, at a high level of activity, of her available factors of production. And the problem of the sterling balances in London. Both will resolve themselves if the basic problem of exports is successfully tackled. For it is with goods alone that Britain can discharge her past obligations, and pay her way in the future.

In considering this question, it is necessary to bear in mind that an entirely new conception of the purpose of trade now dominates economic thought in Great Britain. To build up an export surplus is no longer regarded as an intriniscally desirable objective. On the contrary, it is held to be unneighborly conduct, and harmful to the world economy as a whole. For export surpluses as such do nothing to increase the real wealth of the world, or to decrease the total volume of unemployment. They merely enable one country to export its own unemployment to others, which get into unpayable debt as a result. This leads in turn to frozen assets in the form of gold or weak currencies, to stagnation, to depression, to war. In the contemporary British view the fundamental purpose of trade is the mutually advantageous exchange of goods between countries, with the object of raising the general standard of living; in other words, to increase the real wealth of the world by the application of the principle of the international division of labour, which makes a given quantity of work more productive. Value for value should therefore be the underlying principle governing all trade, and a balance of payments the aim.

In order to achieve a balance of payments after the war, Great Britain will have not only greatly to increase her home production, but also to make considerable changes in her national economy. She must cease to be a predominantly mercantile country, and become, to at least as great an extent, agrarian and industrial. The transformation will be as important and far-reaching in its effects as the industrial revolution itself. In the long run, it will mean the development of a better balanced and healthier society.

As has already been pointed out, British home food production has increased by £200 million since the war. This can be maintained after the war by a well planned system of mixed rotation farming, and in all probability increased still further, as good arable land now used for airfields becomes available. There will be a swing-over from cereals and sugar beet to dairying and to the production of high quality meat, fruit and vegetables. The fishing industry will also be developed and extended. These are foods of the highest nutritional value. What will Britain's import requirements of food be, under the new conditions? Wheat, sugar, cocoa, and—in more limited quantities than hitherto—frozen beef and mutton, bacon, cheese, and butter, all of which can be obtained (if necessary) within the British Empire, or from countries such as Holland, Denmark, and the Argentine, which have long catered for her special needs, and to whom her market is essential. So far as raw materials other than food are concerned, cotton, wool, rubber and most of the basic metals can also be obtained within the Empire. The picture begins to look brighter already.

Turning to industrial production, if there was no hope of Britain recapturing her traditional export markets for coal, textiles, ships and (heavy) iron and steel after the last war, there is still less hope of her being able to do so, permanently, after this one. Nevertheless she must produce goods which are wanted abroad in order to live. What goods? Clearly those in the production of which the practical skill and experience of her scientists and workers give her an undoubted superiority. Do they exist? They do. The following examples may be given. Chemicals, electrical equipment, precision machinery including machine tools, rayons, fine cotton piece goods, leather goods, Scotch woolens, plastics, pharmaceutical products fine paper, cutlery, pottery, glass, herrings, whisky, chocolates, aluminum, magnesium. These are, in the main, specialized goods of high quality. Their great advantage, from the export point of view, is that they produce the maximum amount of foreign exchange per unit of labour.

Economic Controls and Reciprocal Agreements

In order to reestablish her agriculture and her export trade on a sound basis, to achieve the necessary balance of payments, and to ensure that she obtains the necessary raw materials, Great Britain will undoubtedly exercise a measure of control over the import of food and raw materials and over the export of capital. These controls came into existence with the war but are likely to be retained as a permanent feature of her national economy. They will be designed to ensure that internal demand for the necessities of life, including the necessities of the export trade, is satisfied before the demand for luxuries is met.

With this object primarily in view, they will be used to negotiate reciprocal trade agreements. Such agreements will relate both to the quantitative and qualitative exchange of goods. They will include long-term bulk purchase contracts, and payments agreements which will enable countries which export raw materials to choose the goods they want in exchange. Exporters both in Great Britain and in the countries with which these agreements are made will thus be paid in their own currency by an appropriate Government agency, instead of having to collect payment from abroad; and importers, instead of having to remit payment in a foreign currency, will discharge their obligations in their own currency to the same agency. Great Britain is in a strong position to negotiate such agreements. She has a great internal market. In accepting food and raw materials in considerable quantities for this market she has the right to ask for the acceptance of her own manufactured goods in payment. Indeed, she can make payment in no other way.

To the charge that this is "bilateralism," the following answers can, and will, be made. First, there is nothing to prevent these agreements being extended on a regional basis through clearing unions between countries which have complementary trade requirements. Second, clearing and payments agreements of the kind envisaged automatically provide the finance of international trade. Third, so far, at any rate, as raw materials are concerned, there must be some control of production and distribution, and a purposive direction of trade, if the chaos which prevailed in the 30's is to be averted in the future.

Modern productive capacity imposes limitations of its own. Between the two world wars we made surpluses a menace by leaving them to the uncontrolled interplay of supply and demand on unregulated markets. As L. S. Amery, the Secretary of State for India, recently observed: "The unregulated and unbalanced flow of international trade on *laissez faire* principles may, like the unregulated flow of water, prove disastrous to all concerned. Deluge and drought, boom and slump, over-production side by side with under-consumption, are in each case the natural concomitants of leaving water or trade and investment to find their own level."

Fourth, planned national economies cannot exist side by side with international economic anarchy.

Great Britain is dependent for her existence upon imports. If she is to carry out the full employment policy to which all her political parties are pledged, she will have to plan both her production and her trade. Lastly, it should be borne in mind that import controls are not, like tariffs, necessarily restrictive in character. They can, and under conditions approaching full employment will, be used for the purpose of increasing consumption and therefore production.

The Sterling Balances

There remains the problem of the sterling balances in London. There are three methods by which Great Britain can deal with these, either singly or in combination. She can continue to block them indefinitely, until her general economic position clarifies and improves. She can fund them. Or she can trade them within the sterling area. The first course would deleteriously affect her credit. The second course is desirable, but subject to definite limitations. For instance, it is impossible for Britain completely to unfreeze any substantial proportion of these balances because she does not possess a sufficiency of gold or foreign exchange to meet the interest charges which would subsequently be required of her.

She may reasonably expect to scale down the totals by lease-lend or mutual-aid agreements with her creditors, and to replace the balance of the current short-term debt by a long-term debt which would permit of gradual repayment over a considerable period at a slightly higher rate of interest. But these interest charges can only be paid in goods. It is therefore to the third cause that she must ultimately resort for a satisfactory and permanent solution of the problem. At the end of the war the countries owning the sterling balances will have many urgent needs they will want to satisfy. In so far as these needs are satisfied within the sterling area, they will be content to keep their balances in London. In so far as Great Britain satisfies her import requirements within the sterling area, and confidence in sterling remains, then these imports will simply become a set-off against her exports leaving only the difference in terms of uncompensated export. This uncompensated export she will be able not only to take care of, but also use to prime the pump for her future trade. Before the war Germany

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"Whatever television needs from us for transmission, we'll be prepared. It might be a network of cables or radio beams or both.

"We explore the field in order to do our part—which is the transmission of television from place to place, just as we furnish transmission for the radio networks now. We're going to keep on studying all methods—and use the best."

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used the pulling power of her own market to exploit the peoples of Europe and force them to take goods they didn't want. After the war Great Britain can use her market, and her position as the financial center of the sterling area, for quite a different purpose, and by methods far removed from those employed by Dr. Schacht.

She can enable those countries which possess sterling balances (1) to export raw materials to all industrial countries, including herself, within the sterling area, and (2) to purchase, over a comparatively large field, and with a wide range of choice, the capital and manufactured goods of which they will stand in need.

To sum up. Britain can only solve the twin-problem of her balance of payments and the sterling balances in London by trading the two assets she will possess after the war — her productive capacity and her home market. In order to do it she will have to reduce her imports and increase her exports to an extent which cannot at present be estimated with any degree of accuracy; and to plan her overall production and trade. Before the first world war the ratio of her imports to her income was around 35%. At the outbreak of this war it had fallen to 21%. After the war the ratio of both imports and exports to her total national income may well be stabilized around 15%. This, at full employment, would impose no undue strain on her national economy.

Essential U. S. Cooperation

What will be the effect on the relationship between Great Britain and the U. S. A.? Many people on both sides of the Atlantic fear the prospect of an intensive trade war. Not so the present writer, who recently caused some astonishment in the House of Commons by declaring that, if anybody wanted to play that game, we should put a stop to it by walking off the field. For the days of ruthless international competition for markets are gone. As Bertrand Russell has pointed out, the recognition of war as the ultimate means of competition has dissolved the liberal marriage of competition with pacificism, which was always an ill-assorted union. "When two countries," continues Russell, "are in no degree competitors as regards the products interchanged, that is to say when each is incapable of producing what it buys, commerce is felt to be beneficial to both, and the effects for which Cobden hopes do really take place. . . . But as soon as one country sells to another goods which the other is capable of producing, the anger of competitors becomes more intense than the gratification of customers, and friendship is turned into enmity."*

For several years after the war, world demand for the products of both American and British industry will be so great that we shall be unable to satisfy it. Great Britain will be short of foreign exchange, and will therefore have to accord priority to imports which are necessary to enable her to achieve capacity production. But this will not apply to certain other European countries which, although devasted by war and desperately short of capital equipment, possess considerable quantities of gold and dollar assets. Moreover, the two great industrial nations which systematically undercut us in the world markets prior to the war will have been eliminated. For some time there will be a boom, during which reconstruction on an unprecedented scale will be carried out, and no question of competition—ruthless or otherwise—will arise. It is what is going to happen after that that causes anxiety to the British.

They intend to continue to plan their trade and investment policies. They do not intend to lower their standard of living in order to reduce costs, which, in an era of planned expansion, will no longer be the decisive factor in trade. "To depress standards of living," said **The Times** in a recent leader, "or fail to raise them, in pursuit of the will-o'-the-wisp of a free competitive market, means a return to those policies of restricted consumption and hence of restricted production and mass unemployment, which led the world to chaos and to war."

The British know well enough that the greater the internal prosperity and the export trade of the United States are, the greater will be their own prosperity, and the easier their economic problems to solve.

What they fear, and it is best to say so quite frankly, is that the United States will fail to carry out a long-term policy of deliberately planned expansion, and revert to complete *laissez faire* This, they think, would lead sooner or later to a slump, to unemployment, and to another attempt on the part of American finance capital to cure it by building up an export surplus—in other words by giving away goods and services (through the medium of loans), and refusing (by means of high tariffs) to take payment in return. They vividly remember the smash which marked the culmination of this policy in 1929, when the supply of dollars for foreign use was reduced, almost overnight, by five billion, with disastrous effects upon the world economy as a whole.

Suggested U. S. Policy

What Great Britain wants from the United States after the war is not loans but effective economic cooperation. She would like to see the tremendous productive capacity and economic power of the U. S. A. devoted, not to cut-throat international competition, but to the reconstruction of countries shattered by war, and the development of backward areas all over the world, including parts of her own Empire. Cooperation between Great Britain and the United States is indeed an essential condition of world recovery. In order to secure it, it would seem to be desirable to negotiate a separate economic agreement, the basis of which would be an undertaking by both countries to do everything in their power to maintain a high level of internal prosperity and employment. For, in the final analysis, all else depends on that. As Professor Hansen rightly says, in his latest work, "America's Role in the World Economy": "In a full-employment society it will be much easier to reduce tariff barriers and remove quantitative restrictions on imports.

"In a full-employment society subsidization of exports, whether directly or by currency depreciation, will not be tolerated. In a full-employment society emphasis will be placed not upon exports but upon imports."

A secondary objective of such an agreement would be the achievement, over a period, of a balance of foreign trade. This would be distinct from international investment for the purpose of capital reconstruction and development, and would not exclude foreign loans, provided adequate arrangements were made for their subsequent repayment, both by the debtor and the creditor nation.

Finally, there is the clamant need of Great Britain for foreign exchange, and of the United States for long-term expansion overseas, if their available factors of production are to be kept running at a high level of activity.

As has already been said, and it cannot be sufficiently emphasized, Great Britain will have no desire to borrow dollars after the war. She is well aware that you don't get out of debt by incurring further debt. She wishes, and intends, to pay her way. But it has been suggested to the present writer by a prominent American economist that, apart altogether from the international monetary fund and bank contemplated in the Bretton Woods Agreement, it might be possible to arrange for a credit of $5 billion to be placed at the disposal of the British Government, free of interest, for the immediate purposes of reconstruction. provided a sterling credit of equal amount was made available for American businesses to develop new enterprises within the British Empire. The truth of the matter is that all sorts of exciting possibilities and prospects are open to those who have the vision to see them, and also the courage to face the realities of the new world upon the threshold of which we stand. Whether we grasp or drop the opportunities which confront us remains to be seen.

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*Bertrand Russell: "Freedom and Organization."

Status of France's Foreign Debt

(Continued from page 1487)

on the one hand Canada had never abolished the gold clause, and on the other, the Issue Contract of the Loan called specifically for payment in Canadian gold dollars of the standard, weight and fineness of the Canadian gold dollar of 1927.

However, the service of the loan was continued in Canadian paper dollars since the French Ministry of Finance did not recognized the jurisdiction of a foreign court in such matters.

Proceedings were then instituted in France. Nevertheless, in April 1940, the 1st Chamber of the Court of Appeal ruled similarly that French National Mail Co. and the Government had to make payments on the loan in Canadian gold dollars of 1927. The reasons adduced mentioned that neither by law nor in practice had Canada ever abolished the gold clause for contracts inside or outside Canada. The French National Mail Co. as well as the French Government lodged an appeal with the Supreme Court; present information fails to reveal a decision by this court. However, in 1941, the French National Mail Co. professed to know that if the 1940 judgment were not reversed, the French Ministry of Finance would not object to making payments of the loan in gold. The holders residing in France would then be able to sell their coupons or matured bonds to the Bank of France at the official rate of the Canadian gold dollar, which today is about Frs. 85.

After the payment of the May 1, 1940 coupon, the service of the loan in France and abroad was interrupted; holders domiciled in France could not any longer sell their coupons to the Bank of France at the official rate of Canadian paper dollars. The official reason given for this default was the following: "Vichy made it known that it did not wish to give more favorable treatment to holders residing in France than to holders residing abroad, since no funds could be paid in Canada."

At the present time, the French National Mail is the only loan guaranteed by the Government, the service of which is suspended in France as well as abroad. It is to be noted that this is the only French loan guaranteed by the Government and payable in Canadian dollars, and to our knowledge also the only one which has been the cause of litigation involving the French Government.

There are two other small French foreign loans: the Midi Railways and the Paris Orleans Railways. These bonds are payable in French francs or in U. S. paper dollars at the Paris cable rate of exchange. They were issued in the United States at a time when the U. S. dollar was no longer convertible into gold. At present, the amount of those bonds in circulation is estimated at Fr. 20 millions and Fr. 10 millions respectively, the majority of the bonds having been repatriated to France before the war.

Toward the end of 1941, Vichy suspended payments on these two loans in the United States, although payments continued in France.

French bonds, like all the bonds of countries which were wholly or partially occupied by the enemy, can only be traded in with Form TFEL-2 attached by the Federal Reserve Bank, in accordance with Presidential Order of April 10, 1940.

II. Loans Issued in Great Britain

Vichy having severed diplomatic relations with Great Britain in July 1940, all payments on French bonds issued in that country were stopped.

Payments on the following loans are still held in abeyance:

1. The English portion of the Rente 4% 1917-18 issue, payable in French francs. In France, this loan has now been called for redemption, and is convertible into perpetual Rente 3% 1945.
2. The French Railroad bonds payable in Sterling.
3. The Seine Department loan payable in Sterling.

III. Loans Issued in Switzerland and in the Netherlands

In July 1940, the Germans set up in Paris an Office for the Control of Securities and Currencies. The securities were classified in various categories to each of which, different regulations applied. Banks, brokers, notaries, trust officers, etc., were compelled to block all **foreign** securities held on account as well as those deposited in vaults rented by their customers.

Later on, the securities of countries brought entirely under German control were released.

The French foreign loans were to be considered as foreign securities. When the Paris Stock Exchange was reopened, the German Office reversed this ruling, and, in the occupied zone, the French foreign loans were treated like French domestic bonds.

In fact, in the so-called "free" zone, Vichy always continued to pay the coupons and redeem bonds of the foreign debt, in French francs, with the sole exception of the French National Mail issue.

At the instigation of the German Office of Control, Vichy decided to pay certain coupons on a number of loans issued in Switzerland: the 3¾% and 4% Dutch Guilders loan, issued in the Netherlands and Switzerland, payable in Guilders or Swiss francs or U. S. dollars or French francs, in Switzerland or in the Netherlands; the Alsace Lorraine and Midi Railways bonds, issued in French francs in Switzerland, payable in Switzerland at the cable rate of exchange on Paris; the Morocco Railways, issued in Switzerland in Swiss francs and Dutch guilders, payable in Swiss francs, guilders or French francs at the holder's option.

When, in 1941, Vichy called for redemption of the Auriol Loan (the 4½% 1937 with dollar and sterling exchange guaranteed), it provided for the payment of the bonds held in Switzerland in Swiss francs at the official rate of exchange; each French franc 4.50 of Rente, issued at Fr. 100, was redeemed at Fr. 197 in France, and in Switzerland at Swiss francs 19.70.

These measures supported the value of the French foreign loans traded on Swiss markets; but in the final analysis, it was the Germans who benefited therefrom.

In Switzerland, French loans, as well as certain other foreign loans were handled under two headings: with and without affidavit of Swiss Ownership as of Sept. 1, 1939. There was a sizeable margin between the "with" and "without" affidavit quotations. Certain persons did not hesitate to submit false documents purporting to show that certain bonds of doubtful origin were under Swiss ownership since before the outbreak of hostilities in Europe. It is in this manner that certain affidavits were sworn to. . . . There occurred quite a scandal when it was discovered that the affidavits attached to the Royal Dutch shares were, in the great majority, false documents. At that time, it was suggested that all Swiss Ownership affidavits be abolished on most foreign securities.

The Germans, of course, and also certain cheats, brought to Switzerland large quantities of French foreign bonds. These bonds had been repatriated before the war, and had been bought or stolen from nationals of countries occupied by Germany.

These securities were then sold "with" or "without" Swiss Ownership affidavit, the proceeds accruing to the persons engaging in these dealings.

The funds obtained by the sale of these securities could easily be transferred from Switzerland to Argentina.

During 1941, payments on French loans in Switzerland were completely stopped and have not been resumed since.

The gold reserve of the Bank of France amounts to Fr. 75 billions, which at $35 per fine ounce makes $2 billions. (The United States gold reserve is $20½ billions.)

The French internal debt amounts to Fr. 1,632 billions; the foreign debt Fr. 18 billion. At the official rate of exchange of the dollar, the French Public debt is $33 billions. (The U. S. Public debt is $241 billions.)

The borrowing possibilities of the French Government in foreign countries are, therefore, far from exhausted.

The resumption of payments on all French foreign loans in the United States, Canada and Great Britain should not present the French Provisional Government with any great difficulties.

As regards a settlement with Switzerland, the question is entirely different: in no case would France enter into an agreement which would directly or indirectly favor German interests in any way.

Plan Structure of Revised World Court

Sponsors of Security Conference to Formulate Set-Up

According to an Associated Press dispatch of March 27 the State Department has invited representatives of the "Big Three" of the Yalta Conference to meet in Washington on April 9, to consider a revised draft of the Permanent Court of International Justice, which was set up after the last war. There are, however, but two minor changes in the present set-up reported to be under consideration: First, the League of Nations is to be substituted by the new United Nations international organization, and, secondly, provision is to be made for amendment of the World Court statute. The question of admitting neutrals, not participating in the United Nation Security Pact, is left undecided, but it is expected that eventually they will be asked to join. There is the further question as to whether the instrument for the enforcement of the Court's decisions is to be the new International Security Council, as set up in the Dumbarton Oaks charter, or is to be left to old treaty setting up the Court.

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, APRIL 5

NEW YORK POWER & LIGHT CO. on March 17 filed a registration statement for $50,000,000 first mortgage bonds due March 1, 1975. Interest rate will be filed by amendment.

Details—See issue of March 22.

Offering—The offering price to the public will be filed by amendment.

Bids Invited—Bids for the purchase of the issue will be received by the corporation at Room 1840, 15 Broad St., New York 5, N. Y. up to 11 a.m. EWT April 10. The successful bidder must specify the coupon rate.

FOOD MACHINERY CORPORATION on Feb. 17 filed a registration statement for 107,010 shares of common stock (par $10).

Details—See issue of March 29.

Offering—Stock will be offered to common stockholders of record April 6 in ratio of one share for each four shares held. Subscription warrants expire on April 18. Unsubscribed shares will be sold to underwriters. Following the offering the company proposes to declare a stock dividend of 25% in common stock to common stock holders which will bring total stock then outstanding to 668,810 shares.

Underwriters—Kidder, Peabody & Co. and Mitchum Tully & Co.

SATURDAY, APRIL 7

OAK MANUFACTURING CO. on March 19 filed a registration statement for $1,000,000 ten year 5% sinking fund debentures due April 1, 1955, and 350,000 shares common stock, par $1. Of the stock, 300,000 shares are issued and outstanding and being sold by certain stockholders.

Details—See issue of March 22.

Offering—The offering price of the debentures to the public is 100 and of the common stock $10 per share.

Underwriters—Paul H. Davis & Co., is named principal underwriter, with names of others to be filed by amendment.

KANSAS - NEBRASKA NATURAL GAS CO., INC., on March 19 filed a registration statement for $4,484,000 first mortgage sinking fund bonds, 3⅜% series due April 1, 1965.

Details—See issue of March 22.

Offering—Price to the public will be filed by amendment.

Underwriters—The underwriters are Central Republic Co., Inc.; Coffin & Burr, Inc.; A. C. Allyn & Co., Inc.; Kebbon, McCormick & Co.; Harold E. Wood & Co.; First Trust Co. of Lincoln, Neb.; Beecroft, Cole & Co., and Rauscher, Pierce & Co., Inc.

UNIVERSAL CAMERA CORP. on March 19 filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

SUNDAY, APRIL 8

CENTRAL ILLINOIS ELECTRIC & GAS CO. on March 20 filed a registration statement for $14,000,000 first mortgage bonds due Feb. 1, 1975, and 30,000 shares of preferred stock, Series A (par $100).

Details—See issue of March 29.

Underwriters—The bonds and preferred stock will be offered for sale at competitive bidding and the names will be filed by amendment. The successful bidders will name the interest rate on the bonds and the dividend rate on the preferred stock.

MONDAY, APRIL 9

MAY DEPARTMENT STORES CO. on March 21 filed a registration statement for 150,000 shares of cumulative preferred stock (no par). The dividend rate will be filed by amendment.

Details—See issue of March 29.

Offering—The initial offering price to the public will be filed by amendment.

Underwriters—Goldman, Sachs & Co., and Lehman Brothers are principal underwriters.

TUESDAY, APRIL 10

CORNING GLASS WORKS on March 22 filed a registration statement for 50,000 shares of cumulative preferred stock (par $100), and an indeterminate number of common shares (par $5). The dividend rate on the preferred stock will be filed by amendment. The common shares are to be sold for the account of certain stockholders.

Details—See issue of March 29.

Underwriters—Harriman Ripley & Co., Inc. and Lazard Freres & Co., with names of others to be filed by amendment.

WEDNESDAY, APRIL 11

REEVES-ELY LABORATORIES, INC., (formerly Reeves Sound Laboratories, Inc.) on March 23 filed a registration statement for 550,000 shares of 30-cent cumulative convertible preference stock ($4 par).

Details—See issue of March 29.

Offering—The offering price to the public will be filed by amendment.

Underwriters—H. M. Byllesby & Co., heads the underwriting group, with names of others to be supplied by amendment.

ANDERSON, CLAYTON & CO. on March 27 filed a registration statement for 250,000 shares of common stock (par $21.80). The shares are issued and outstanding and do not represent new financing.

Details—See issue of March 29.

Offering—The price to the public will be filed by amendment.

Underwriters — Morgan Stanley & Co.; Harriman Ripley & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; Smith, Barney & Co.; Blyth & Co., Inc.; Clark, Dodge & Co.; First Boston Corp.; Goldman, Sachs & Co.; Hornblower & Weeks; Kidder, Peabody & Co.; Lehman Brothers; Drexel & Co.; Hemphill, Noyes & Co.; W. E. Hutton & Co.; Paine, Webber, Jackson & Curtis; Stone & Webster and Blodget, Inc.; Dean Witter & Co.; Dominick & Dominick; Equitable Securities Corp.; Alex. Brown & Sons; Stern Brothers & Co.; Wisconsin Co.; Lovett Abercrombie & Co.; Auchincloss, Parker & Redpath; Bacon, Whipple & Co.; Oscar Burnett & Co.; Courts & Co.; Dewar, Robertson & Pancoast; R. S. Dickson & So., Inc.; Francis I du Pont & Co.; Clement A. Evans & Co., Inc.; R. N. Eddleman & Co.; Folger, Nolan, Inc.; J. J. B. Hilliard & Son; Johnson, Lane, Space & Co., Inc.; McClung & Knickerbocker, Inc.; Mosle and Moreland, Inc.; Nashville Securities Co.; Neuhaus & Co.; Newhard, Cook & Co.; E. M. Newton & Co.; Rauscher, Pierce & Co.; Robinson-Humphrey Co.; George V. Rotan Co.; Starkweather & Co.; G. H. Walker & Co.; Chas. B. White & Co.; White, Hattier & Sanford and Whiting, Weeks & Stubbs.

ATLANTIC CO. on March 23 filed a registration statement for $10,600,000 5% sinking fund debentures, due April 1, 1980, and 275,000 shares of common stock (no par).

Details—See issue of March 29.

Offering—Under reorganization and recapitalization plan company is offering to the holders of outstanding 6% and 7½% cumulative preferred stocks the privilege of exchanging their shares on the basis of $100 par value of stock for $100 par value of 5% debentures and one share of common stock, and to holders of outstanding 6% Class A preference stock the privilege of exchanging their shares on the basis of $50 par value of stock for $50 par value of 5% debentures and two shares of common stock. The holders of the 6% preferred and 6% Class A stock offering their stock for exchange shall receive dividends on April 1, 1945, at the same rate of dividends paid on the stock on Jan. 1, 1945, but shall receive no dividends thereafter, the debentures bearing interest from such date. Any debentures not issued in exchange for stock shall then be offered to holders of presently outstanding first mortgage 5% sinking fund bonds on the basis of $100 par of debentures plus an amount to be determined by the company not exceeding $3 in cash for each $100 par value of bonds exchanged. The 5% sinking fund bonds are callable at 103. All of the outstanding 5% sinking fund bonds not exchanged for debentures and all of the first mortgage 3% serial bonds shall be called for redemption. The company contemplated that about June 1, 1945, it will issue not exceeding $3,400,000 3% notes and use the proceeds either for the purpose of calling all 3% serial bonds and the outstanding unexchanged 5% sinking fund bonds or to reimburse the company for funds previously used for that purpose. Any debentures not taken in exchange for stocks or bonds may be sold by the company at not less than par plus accrued interest.

Underwriter—Courts & Co., Atlanta, is names as underwriter.

VIRGINIA ELECTRIC & POWER CO. on March 23 filed a registration statement for $33,000,000 first and refunding mortgage bonds Series E due March 1, 1975.

Amount of Offering Increased—In an amendment filed March 26 company increased amount to be offered to $59,000,000. The interest rate will be filed by amendment.

Details—See issue of March 29.

Underwriters—The bonds will be sold at competitive sale and the names of the underwriters filed by amendment.

SATURDAY, APRIL 14

KENDALL CO. on March 26 filed a registration statement for 40,000 shares of $4.50 cumulative preferred stock, Series A (no par).

Details—See issue of March 29.

Offering—The offering price to the public will be filed by amendment.

Underwriters — First Boston Corp. is named principal underwriter, with names of others to be filed by amendment.

MONTANA-DAKOTA UTILITIES CO. has filed a registration statement for $7,500,000 first mortgage bonds 3% due April 1, 1965, and $2,500,000 first mortgage 2% serial bonds due 1946-53.

Address—831 Second Avenue South, Minneapolis, Minn.

Offering—Price to the public will be filed by amendment.

Proceeds—Net proceeds, together with other funds will be applied to redemption of $10,085,000 first mortgage bonds.

Underwriters—Arrangements to be filed by amendment.

Registration Statement No. 2-5652. Form S-1. (3-26-45).

DEWEY AND ALMY CHEMICAL CO. has filed a registration statement for 25,000 shares of $4.25 cumulative preferred stock.

Address—62 Whittemore Avenue, Cambridge, Mass.

Business—Diversified line of chemical specialties and of natural and synthetic rubber products.

Offering—Offering price to public $102.50 per share.

Proceeds—$772,500 will be used for redemption at 103 of $750,000 15-year 3½% sinking fund debentures due July 15, 1957; approximately $1,500,000 will be used for construction and acquisition of additional facilities; balance will be added to working capital.

Underwriters—Paine, Webber, Jackson & Curtis 10,000 shares, and Estabrook & Co., First Boston Corp., Hornblower & Weeks, Lee Higginson Corp., and F. S. Moseley & Co., 3,000 shares each.

Registration Statement No. 2-5653. Form S-1. (3-26-45).

BELL & HOWELL CO. has filed a registration statement for 30,000 shares of cumulative preferred stock 4¼% series ($100 par) and 150,000 shares of common (par $10). Common shares are outstanding and are being sold by six stockholders.

Address—7100 McCormick Road, Chicago, Ill.

Business—Manufacture of precision-made motion picture cameras, projector equipment, etc.

Offering—The offering prices of the preferred and common stock to the public will be filed by amendment.

Proceeds—Net proceeds will be added to corporation's general funds.

Underwriters—Harriman Ripley & Co., Inc., head the underwriting group, with names of others to be filed by amendment.

Registration Statement No. 2-5654. Form S-1. (3-26-45).

SUNDAY, APRIL 15

WILCOX-GAY CORP. has filed a registration statement for 198,800 shares of common stock (par $1). Of the total 18,800 shares are issued and outstanding and are being sold by Chester M. Wilcox, president and treasurer.

Address—Charlotte, Mich.

Business—Manufacture of radio and electronic devices.

Offering—The offering price will be filed by amendment.

Proceeds — Additional working capital. The registration also covers 30,000 shares covered by option warrants granted to Kobbe, Gearhart & Co. and if warrants are exercised, proceeds will be added to working capital.

Underwriters—Kobbe, Gearhart & Co., Inc., and Carr, Chapin & Co.

Registration Statement No. 2-5655. Form S-1. (3-27-45).

McQUAY - NORRIS MANUFACTURING CO. has filed a registration statement for 20,000 shares of 4¼% cumulative preferred stock ($100 par).

Address—2320 Marconi Avenue, St. Louis, Mo.

Business—Manufacture and sale of certain engine parts for automobiles, trucks, tractors and aircraft, etc.

Offering—Shares are being offered for subscription to holders of common stock at rate of one share of preferred for each 17 shares of common held of record April 10. Subscription rights will expire April 23. Subscription price will be filed by amendment. Unsubscribed shares will be purchased by underwriters and sold to the public.

Proceeds—Part of proceeds will be used to pay promissory notes of $1,000,000 maturing April 26, 1945, and balance will be added to general funds to meet working capital requirements.

Underwriters—Shields & Co., is named principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5656. Form S-1. (3-27-45).

CALIFORNIA WATER & TELEPHONE CO. has filed a registration statement for 107,000 shares of $1.20 cumulative preferred (par $25) and 9,672 shares common ($25 par).

Address—San Francisco, Cal.

Business—Operating water and telephone utility.

Offering—New preferred will be offered for exchange to holders of 100,000 shares of 6% cumulative ($25 par) preferred on share for share basis. Unexchanged shares and the 7,000 additional shares of preferred and 9,672 shares of common will be offered through underwriters at prices to be filed by amendment.

Proceeds—To redeem $25 par 6% cumulative preferred, for completion of dam and for working capital.

Underwriters — Blyth & Co., Inc., is named principal underwriter.

Registration Statement No. 2-5657. Form S-1. (3-27-45). Originally filed in San Francisco.

MONDAY, APRIL 16

INVESTORS SYNDICATE OF AMERICA, INC., has filed a registration statement for 12 series of investment certificates of the installment payment type having a total face value of $158,000,000.

Address—Roanoke Building, Minneapolis, Minn.

Business—Investment company.

Proceeds—For investment.

Underwriters — Investors Syndicate is named principal underwriter.

Offering—At market.

Registration Statement No. 2-5658. Form A-1. (3-28-45).

YORK CORP. has filed a registration statement for $4,400,000 first mortgage sinking fund bonds, due April 1, 1960. Interest rate will be filed by amendment.

Address—Roosevelt Avenue, York, Pa.

Business—Industrial and commercial refrigeration and air conditioning.

Offering—Price to the public will be filed by amendment.

Proceeds—Net proceeds, together with moneys from general funds will be applied to redemption of $4,450,000 first mortgage sinking fund bonds, 4¼% series due Oct. 1, 1958, at 105 and accrued interest.

Underwriters—Principal underwriters are Union Securities Corp. and Stone & Webster and Blodget, Inc., others to be filed by amendment.

Registration Statement No. 2-5659. Form S-1. (3-28-45).

TUESDAY, APRIL 17

SIGNODE STEEL STRAPPING CO. has filed a registration statement for 54,000 shares 5% cumulative preferred stock, and 40,000 shares common stock, $1 par.

Address—2600 North Western Avenue, Chicago, Ill.

Business—Steel strapping and metal seals and small tools and machines in connection with their use.

Offering—Company is offering to holders of 33,264 shares of preference stock the right to exchange such stock for 24,948 shares of 5% cumulative preferred stock on basis of one share of 5% cumulative preferred for 1⅓ shares of preference stock and accrued dividends to July 15, 1945. Underwriters have agreed to purchase the 40,000 shares of common stock and such of the 54,000 shares of 5% cumulative preferred as are not exchanged for outstanding preference stock and offer them to the public at prices to be filed by amendment.

Proceeds—Corporation will use proceeds from sale of the 5% cumulative preferred which are not exchanged and the 40,000 shares of common to redeem on or before June 1, 1945, $840,000 debentures, Series A, and also to redeem on July 15, 1945, at the redemption price of $37.50 per share plus accrued dividends all shares of preference stock which may then be outstanding. Balance of proceeds estimated at $940,000 will be added to the general funds of the company.

Underwriters—Kebbon, McCormick & Co., is named principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5660. Form S-1. (3-29-45).

ELECTROMASTER, INC. has filed a registration statement for 107,923 shares of common stock, par $1. All of the stock is issued and outstanding and is owned by Nash-Kelvinator Corp. (being 55.17% of total outstanding stock).

Address—1803 East Atwater Street, Detroit, Mich.

Business — Peacetime business is the manufacture of electric ranges, electric water heaters, electric tea kettles, etc.

Offering—Offering price to the public is $8 per share.

Proceeds—All of the proceeds will go to Nash-Kelvinator Corp. as the selling stockholder.

Underwriters—S. R. Livingstone & Co., and Mercier, McDowell & Dolphyn, both of Detroit.

Registration Statement No. 2-5661. Form S-2. (3-29-45).

UNION TRUSTEED FUNDS, INC., has filed a registration statement for 235,533 shares of capital stock in five funds.

Address—63 Wall Street, New York City.

Business—Investment company.

Offering—At market.

Proceeds—For investment.

Underwriters—Lord, Abbett & Co., Inc., is named principal underwriter.

Registration Statement No. 2-5662. Form A-1. (3-29-45).

LEAR, INC., has filed a registration statement for 450,000 common shares 50 cents par value. Of the total 50,000 shares are being sold by the trust created by William P. Lear for his children.

Address—501 Young Street, Piqua, Ohio.

Business—Radio equipment, etc.

Offering—Stock will be sold to the public at $5 per share.

Proceeds—For additional working capital and reconversion purposes.

Underwriters—Kobbe, Gearhart & Co.

Registration Statement No. 2-5663. Form S-1. (3-29-45).

WEDNESDAY, APRIL 18

HARSHAW CHEMICAL CO. has filed a registration statement for 43,000 shares of common stock (no par).

Address—1945 East 97th Street, Cleveland, Ohio.

Business — Manufacture and sale of chemicals and chemical products chiefly for industrial consumption.

Offering—The offering price to the public will be filed by amendment.

Proceeds—Will be added to company's funds available for corporate purposes. Part of the proceeds may be used for the expansion of facilities and erection of a new plant when conditions permit.

Underwriters—Field, Richards & Co., and McDonald & Co., both of Cleveland, are named principal underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5664. Form A-2. (3-30-45).

WHITE COUNTY WATER CO. has filed a registration statement for $276,000 first mortgage 4% refunding bonds.

Address—114 East Arch Street, Searcy, Arkansas.

Business—Furnish of water.

Offering—Price to the public 100.

Proceeds—To be used to provide for payment of $250,000 first mortgage bonds at 106 plus accrued interest to June 1, 1945.

Underwriters — Pyramid Life Insurance Co., Little Rock, Ark.

Registration Statement No. 2-5665. Form S-1. (3-30-45).

WELLS-GARDNER & CO. has filed a registration statement for 160,000 shares of common stock, par $1. The shares are issued and outstanding and are being sold for the account of seven stockholders.

Address — 2701 North Kildare Avenue, Chicago.

Business—Radio receiving sets and radio parts and supplies.

Offering—Price to the public is $8.25 per share.

Proceeds—The proceeds go to the selling stockholders.

Underwriters—Paul H. Davis & Co. and Shillinglaw, Bolger & Co., Inc., both of Chicago, are named principal underwriters.

Registration Statement No. 2-5666. Form S-1. (3-30-45).

FIDELITY FUND, INC., filed a registration statement for 350,000 shares of capital stock, par $5.

Address — 35 Congress Street, Boston, Mass.

Business—Open-end diversified investment company.

Offering—At market.

Proceeds—For investment.

Underwriting—Paul H. Davis & Co., Chicago, is the sole principal underwriter.

Registration Statement No. 2-5667. Form A-2. (3-30-45).

NU-ENAMEL CORP. has filed a registrationtiontion statement for 50,000 shares 60-cent cumulative dividend convertible preferred stock, par $5.

Address—8 South Michigan Avenue, Chicago, Ill.

Business—Enamels, paints, varnishes, etc.

Offering—Company is initially offering new preferred to holders of its common stock for subscription at $10 per share on basis of one share of preferred for each 6½ shares of common. Unsubscribed shares will be offered to public by underwriter at $10 per share.

Proceeds—Net proceeds will be added to general corporate funds and pending specific allocation, some may be used to carry inventory, increase bank balances and to pay current liabilities.

Underwriters—Floyd D. Cerf Co. of Chicago, is named principal underwriter.

Registration Statement No. 2-5668. Form S-1. (3-30-45).

GRAYSON SHOPS, INC. (of California) has filed a registration statement for 175,000 shares of common stock (par $1), including 75,000 shares to be purchased upon the exercise of warrants.

Address—498 Seventh Avenue, New York City.

Business—Operates a chain of 26 retail shops for the sale at retail of women's ready-to-wear apparel, etc.

Offering—Price to public will be filed by amendment.

Proceeds—To be used as additional working capital and may be applied, as conditions permit, to the purchase of inventory for existing stores, expansion of present stores and opening of new stores.

Underwriters—Emanuel & Co., New York, is principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5669. Form S-1. (3-30-45).

MUTER CO. has filed a registration statement for 133,000 shares of common stock, par $1. Of total 108,000 shares are being offered to the public, of which 18,000 shares are by company and 90,000 shares by a stockholder. The statement also covers 25,000 shares upon exercise of stock purchase warrants entitling holder to purchase common stock within two years of offering date at $7.50 per share.

Address—1255 South Michigan Avenue, Chicago, Ill.

Business—Manufacture of radio parts.

Offering—Public offering price of the 108,000 shares is $5 per share.

Proceeds—Company will use proceeds for additional working capital. Balance of proceeds goes to selling stockholder.

Underwriters—Hicks & Price, Chicago, is named principal underwriter.

Registration Statement No. 2-5670. Form S-2. (3-30-45).

TRUSTEED FUNDS, INC., has filed a registration statement for 1,667 plans A, 1,667 plans B and 900,000 theoretical units.

Address—33 State Street, Boston, Mass.

Business—Investment company.

Offering—At market.

Proceeds—For investment.

Underwriters—Trusteed Funds, Inc., is named sponsor. The trust is called the Commonwealth Fund Indenture of Trust Plans A and B.

Registration Statement No. 2-5671. Form C-1. (3-30-45).

GEORGIA POWER & LIGHT CO. has filed a registration statement for $2,500,000 first mortgage bonds series due 1975.

Address — 101 Fifth Street, South, St. Petersburg, Fla.

Business—Public utility.

Offering—Offering price to the public will be filed by amendment.

Proceeds—Net proceeds, together with other funds, are to be applied to redemption at 103½ of $2,500,000 first mortgage bonds 5% series due 1978.

Underwriters—The bonds are to be sold under the Commission's competitive bidding rule and names of underwriters will be filed by amendment.

Registration Statement No. 2-5672. Form S-1. (3-30-45).

WALTHAM WATCH CO. has filed a registration statement for $3,881,040 convertible 5% income debentures (subordinated) due May 1, 1975 and 244,000 shares common stock, class B (no par).

Address—221 Crescent Street, Waltham, Mass.

Business—Manufacture of fine watches, etc.

Offering—The securities are being offered to stockholders pursuant to a plan of recapitalization subject to plan being approved by stockholders. Holders of presently outstanding 32,342 shares of 6% preferred, par $100, would receive for their shares, with all accumulated dividends, $120 of debentures. Plan also provides that each share of class A stock will receive 10 shares of class B and that each share of present class B will be split two for one. Capitalization after consummation of the plan would consist of $3,881,040 of debentures, convertible into class B stock at $25 per share, and 327,737½ shares of class B common stock, which would be the sole equity stock.

Purpose—For recapitalization.

Underwriters—Union Securities Corp. and A. C. Allyn & Co., Inc., are named principal underwriters, with others to be named by amendment.

Registration Statement No. 2-5673. Form S-1. (3-30-45).

EXPRESO AEREO INTER-AMERICANO, S. A., has filed a registration statement for 300,000 shares of common stock.

Address—Calle Industria 508, Havana, Cuba.

Business—Operation of two passenger and cargo airlines in Cuba and a cargo airline from Havana to Miami, Fla.

Offering—Price to public is $3 per share.

Proceeds—Will be used for the acquisition of flying equipment, the purchase of spare engine parts and shop equipment, for the acquisition and development of ground facilities, and for additional working capital.

Underwriters—Van Alstyne, Noel & Co. is named principal underwriter.

Registration Statement No. 2-5674. Form S-2. (3-30-45).

LOS ANGELES TRANSIT LINES has filed a registration statement for 429,200 shares of common stock (par $10). All of the shares are outstanding and are being optioned to underwriters by American City Lines, Inc.

Address—1060 South Broadway, Los Angeles, Cal.

Business — Unified street railway and motor coach system in Los Angeles.

Offering—Offering price to public will be filed by amendment.

Proceeds—Proceeds will go to American City Lines, Inc. (Dela.) which owns 1,079,911 shares or approximately 99% of the common stock, of which 429,200 shares are subject to options to underwriters. Exercize of all such options would reduce the holdings of American City Lines to 650,711 shares or 59%. The price to be paid by the underwriters will be filed by amendment.

Underwriters—Blyth & Co., Inc.; Bateman, Eichler & Co.; Alex. Brown & Sons; Hill, Richards & Co.; W. C. Langley & Co.; Lazard Freres & Co.; Laurence M. Marks & Co.; Mason Bros.; Pacific Co. of California; Reynolds & Co.; Shuman, Agnew & Co.; William R. Staats Co.; Stein Bros. & Boyce; Wertheim & Co., and Dean Witter & Co.

Registration Statement No. 2-5675. Form S-1. (3-30-45).

LASALLE YELLOWKNIFE GOLD MINES, LTD., has filed a registration statement for 314,512 shares, par value $1.

Address—414 Bay Street, Toronto, Can.

Business—To explore and develop mining claims.

Offering — Of total registered 200,000 shares consist of a new series of shares and will be sold at $1 per share. There is also included in the registration 114,512 shares which were sold to United States residents prior to registration, and concerning which an offer of recision is to be made.

Proceeds—For acquisition of property, exploration work, etc.

Underwriters — Company proposes to market its own securities.

Registration Statement No. 2-5676. Form S-3. (3-30-45).

THURSDAY, APRIL 19

LAKE SUPERIOR DISTRICT POWER CO. has filed a registration statement for 133,500 shares of common stock, par $20. The stock is issued and outstanding and is owned by North West Utilities Co. which will offer the stock for sale at competitive bidding. North West is a part of the Middle West Corp. holding company system, and sale of Lake Superior is part of the program for liquidation of North West.

Address—101 West Second Street, Ashland, Wis.

Business—Public utility.

Offering—Price to the public will be filed by amendment.

Proceeds—The proceeds will be received by North West which will apply them for investment in additional shares of common stock of Wisconsin Power & Light Co.

Underwriters—Names will be filed by amendment.

Registration Statement No. 2-5677. Form S-2. (3-31-45).

GENERAL WATERWORKS CORP. has filed a registration statement for 10,000 shares of 5% preferred stock, cumulative (par $100).

Address—211 West Fifth Street, Pine Bluff, Ark.

Business—Operation of water distribution systems.

Offering—Price to the public is $100 per share.

Proceeds—Will be used to pay off $280,000 notes payable and current indebtedness incurred in the retirement on April 16, 1945, of 890 shares of the previously issued 6% preferred stock at $100 per share, and the balance for general corporate purposes.

Underwriters — Butcher & Sherrerd, Phila., Robert Hawkins & Co., Boston, and Southern Securities Corp., Little Rock, Ark.

Registration Statement No. 2-5678. Form S-1. (3-31-45).

MILLER-WOHL CO., INC., has filed a registration statement for 30,000 shares 5% cumulative convertible preferred stock (par $50) and 50,000 shares of common (par $1). Of the stock registered 15,000 shares of preferred and 50,000 shares of common are issued and outstanding and are being sold by four stockholders.

Address—112 West 38th Street, New York City.

Business—Operates chain of 65 stores selling women's wearing apparel, of which 52 are in Middle West and 13 in the South.

Offering—The price to the public will be filed by amendment.

Proceeds—From its part of proceeds company will use $500,000 for payment of a promissory note and balance to pay in part the cost of opening additional stores.

Underwriters—The principal underwriter is Allen & Co.

Registration Statement No. 2-5679. Form S-1. (3-31-45).

AIRCRAFT RADIO CORP. filed a registration statement for 100,000 shares of common stock, par $1. All of the shares are issued and outstanding and are being sold for the account of certain stockholders.

Address—708 Main Street, Boonton, N. J.

Business—Manufacture of radio communications apparatus for military and naval aircraft.

Offering—Price to the public will be filed by amendment.

Proceeds—Go to the selling stockholders.

Underwriters—F. Eberstadt & Co. is principal underwriter.

Registration Statement No. 2-5680. Form S-2. (3-31-45).

H. K. PORTER CO., INC., has filed a registration statement for 50,000 shares of cumulative preferred stock, 5% series, $50 par, with non-detachable common stock purchase warrants attached, and 45,000 shares of common, $5 par. The 45,000 shares of common are issued and outstanding and are being sold by T. M. Evans, president.

Address—1932 Oliver Building, Pittsburgh, Pa.

Business—Industrial locomotives, cutting and machining of metal, etc.

Offering—Offering price to the public will be filed by amendment.

Proceeds—Of the proceeds $764,610 will be applied to the redemption on June 1, 1945, of all of the 7,282 outstanding shares of 4% preference stock at $105 per share; $1,250,000 will be loaned to the Mt. Vernon Car Manufacturing Co. to enable such subsidiary to reduce its outstanding indebtedness and the balance will be added to general working capital.

Underwriters—Blair & Co., Inc., is named principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5681. Form S-1. (3-31-45).

DAYES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN ENGINEERING CO. on Feb. 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures and 200,000 shares of common stock. Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $8.50 per share

Underwriters—Van Alstyne, Noel & Co. heads the underwriting group, with the names of others to be supplied by amendment.

A. P. W. PRODUCTS CO., INC. on Jan. 27 filed a registration statement for $2,000,000 20-year 5% first mortgage sinking fund bonds and 40,000 shares of capital stock (par $5).

Details—See issue of Feb. 1, 1945.

Offering—Holders of outstanding $2,000,000 20-year 6% first mortgage sinking fund bonds due 1948 are given the privilege of tendering their bonds for redemption as of April 1, 1945 at 102½ and interest, or, in the alternative, to assent to an extension of the maturity date to April 1, 1965 and the reduction of interest to 5% per annum and to receive in consideration for such extension $25, the amount equivalent to the 2½% redemption premium, and in addition 20 shares of the company's ($5 par) common stock. The extension offer will expire at noon Feb. 26, 1945 Bonds not tendered for extension will be redeemed at 102½ and accrued interest to April 1, 1945. After the expiration of the extension offer, an amount equal to the unextended 6% bonds are to be offered to the public by the underwriters at the initial offering price of $1,000 "per unit" consisting of $1,000 20-year 5% first mortgage sinking fund bond and 20 shares of common stock.

Underwriters — Allen & Co., Bond & Goodwin, Inc., E. W. Clucas & Co., R. H. Johnson & Co., Schoellkopf, Hutton & Pomeroy, Inc., Buckley Brothers, George R. Cooley & Co., Inc., Brailsford & Co., and Ferris, Exnicios & Co., Inc.

ARKANSAS-MISSOURI POWER CORP. on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

AUTOMOBILE DEALERS INSURORS, INC. on Feb. 19 filed a registration statement for 4,985 shares of preferred stock and 7,470 shares of Class A common stock.

Details—See issue of Feb. 22.

Offering—Preferred and Class A common stock will be offered only to factory authorized automobile dealers and automobile finance men in blocks of one share of preferred and two shares of Class A common for $101 per unit.

Underwriters—None named.

BENDIX HELICOPTER, INC. on Feb. 2 filed a registration statement for 1,400,000 shares of capital stock, par value 50 cents.

Details—See issue of Feb. 8, 1945.

Offering—Of shares registered 1,000,000 are to be offered presently proportionately to holders of outstanding stock on basis of four additional shares for each five shares held at $1.60 per share; 200,000 shares are reserved to be issued when, as and if certain outstanding options are exercised, and 200,000 additional shares are reserved to be issued when, as and if certain stock option warrants to be issued by the corporation to the underwriters are exercised. Such shares of stock as are not subscribed for by the stockholders will be offered to the public by the underwriters at $2 per share.

Underwriters—Kobbe, Gearhart & Co., Inc., and Bond & Goodwin, Inc., are named principal underwriters.

BLUEFIELD SUPPLY CO on Feb. 16 filed a registration statement for 4,990 shares of common stock, par $100.

Details—See issue of Feb. 22.

Offering—The offering price $100 per share. New common is being offered to present stockholders on a pro rata basis of their holdings as of March 15, 1945.

Underwriters—None named.

CAROLINA POWER & LIGHT CO. on March 16 filed a registration statement for 156,158 shares of $5 preferred stock (no par).

Details—See issue of March 22.

Offering — The 156,158 shares of $5 preferred stock are to be offered, share for share in exchange for not more than 90% of the 93,553 shares of $7 preferred and 79,955 shares of $6 preferred now outstanding. All presently outstanding $7 and $6 preferred will be retired either by exchange or by redemption at $110 per share plus dividends to date of redemption. Company proposes to make a cash adjustment which, together with dividends receivable on the $5 preferred stock, will give each stockholder who exercises the exchange privilege a dividend at rate of $7 per share per annum or $6 per share per annum, respectively, up to re-

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

CENTRAL VERMONT PUBLIC SERVICE CORP. on March 7 filed a registration statement for $6,967,000 first mortgage bonds, series D, due Feb. 1, 1975, and 40,000 shares of common stock. Interest rate will be filed by amendment.

Details—See issue of March 15.

Offering—Offering price to the public will be filed by amendment.

Bids Asked—Proposals for the purchase of the bonds will be received up to 11 a.m. EWT on April 9, at Company's Office, 121 West St., Rutland, Vt., the successful bidder to name the interest rate.

CONTINENTAL GIN CO. on March 12 filed a registration statement for 37,303 shares 4½% cumulative preferred stock (par $100).

Details—See issue of March 15.

Offering—Company is offering to holders of its 6% preferred stock the opportunity to exchange their shares for new shares, on a share for share basis. The offering will expire April 20, 1945. Company is offering to the holders of common stock the right to purchase at $105 per share any of the shares not required to be issued in connection with the exchange offer, the offering rights to expire May 25. Any unexchanged or unsubscribed shares will be sold by the underwriters to the public at $106 per share.

Underwriters—Clement A. Evans & Co., Inc.; Courts & Co.; Robinson-Humphrey Co.; Wyatt, Neal & Waggoner and Johnson, Lane, Space & Co., Inc., all of Atlanta, and Sterne, Agee & Leach and Garber, Cook & Hulsey, Inc., of Birmingham.

DALLAS POWER & LIGHT Co. on March 7 filed a registration statement for 78,731 shares of preferred stock ($100 par). Dividend rate as filed by amendment 4½%.

Details—See issue of March 15.

Exchange Offer—Company is offering to holders of outstanding 35,000 shares of 7% preferred stock and 43,731 shares of $6 preferred stock, the opportunity to exchange such shares for new 4½% preferred stock, on a share for share basis, together with a cash dividend adjustment which, together with dividends receivable on the new preferred stock, will give each stockholder accepting the exchange offer, a dividend at the rate of 7% per annum or $6 per annum as the case may be, up to the respective redemption dates of the unexchanged 7% preferred stock or $6 preferred stock.

Underwriters—Kidder, Peabody & Co., dealer managers.

DIANA STORES CORP. on Feb. 5 filed a registration statement for 40,000 common stock purchase warrants and 40,000 shares of common stock par value $1 per share, issuable pursuant to these warrants.

Details—See issue of Feb. 15, 1945.

Offering—40,000 shares of common stock are issued and outstanding and are not offered for account of company. Company is offering 40,000 shares of common issuable upon the exercise of the stock purchase warrants and the payment of $7 per share.

Underwriters—Not named.

GENERAL TIRE & RUBBER CO. on March 15 filed a registration statement for 75,000 shares 4¼% cumulative preferred stock, par $100 and 87,857 shares of common, par $5.

Details—See issue of March 22.

Offering—A total of 65,000 shares of preferred are being offered in exchange, share for share, for 4½% cumulative preferred stock; the remaining 10,000 shares and any unexchanged shares will be purchased by underwriters and offered to public at a price to be filed by amendment. Of the 87,857 common shares registered, 22,000 shares are being offered to certain officers and employees at $10 per share. The remaining 65,857 shares are being offered for subscription, at the rate of one share for eight shares held, to holders of outstanding common stock at a price to be filed by amendment. Unsubscribed shares will be purchased by the underwriters and sold to the public.

Underwriters—Among the underwriters are Kidder, Peabody & Co., Goldman, Sachs & Co., Lehman Brothers, The First Boston Corp., Ball, Burge & Kraus and the First Cleveland Corp. Lehman Brothers, First Boston Corp. and First Cleveland Corp. are named underwriters of preferred stock only.

HALLICRAFTERS CO. on March 6 filed a registration statement for 225,000 shares of common stock, par $1. Of the total 75,000 are being sold by the company and 150,000 by certain stockholders.

Details—See issue of March 15.

Offering—Offering price to public is $8 per share.

Underwriters — Doyle, O'Connor & Co., Inc.; C. L. Schmidt & Co., Inc.; A. G. Edwards & Sons; Courts & Co.; Kalman & Co., Inc.; Dempsey & Co.; Sills, Minton & Co., Inc.; Cruttenden & Co., and Mason Brothers.

HAVERHILL ELECTRIC CO. on March 1 filed a registration statement for 26,000 shares of capital stock, par $25 per share.

Details—See issue of March 8.

Offering—The company is offering the 26,000 shares of new capital stock to present stockholders pro rata at $25 per share.

Underwriters—None named.

THE HUB, HENRY C. LYTTON & CO. on March 15 filed a registration statement for 130,000 shares of common stock (par $1). Of the total 30,000 shares are being offered by certain stockholders.

Details—See issue of March 22.

Offering—The offering price to the public will be filed by amendment.

Underwriters—The principal underwriter is Allen & Co., with names of others to be filed by amendment.

HYTRON RADIO & ELECTRONICS CORP. on March 16 filed a registration statement for 225,000 shares of common stock, par $1. Of total, 25,000 shares are issued and outstanding and being sold for certain stockholders.

Details—See issue of March 22.

Offering—Price to the public $5 per share.

Underwriters—Herrick, Waddell & Co., with names of others to be filed by amendment.

Underwriters—None named.
demption date of these stocks.

NEWCOR MINING & REFINING, LTD., on March 10 filed a registration statement for 500,000 shares of common stock without par value.

Details—See issue of March 15.

Offering—Price to the public is $1 per share.

Underwriters — Tellier & Co. is named principal underwriter.

OHIO EDISON CO. on March 10 filed a registration statement for $26,089,000 first mortgage bonds due April 1, 1975. Interest rate will be filed by amendment.

Details—See issue of March 15.

Offering—The offering price will be filed by amendment.

Bids Asked—Proposals for the purchase of the bonds will be received at office of Commonwealth & Southern Corp., 20 Pine St., New York 5, N. Y., before 12 noon EWT, April 9, the successful bidder to name coupon rate.

OLD STAR DISTILLING CORP. on Aug. 14, 1944 filed a registration statement for 5,000 shares of $100 preferred stock, noncumulative and non-participating. Price to public will be $110 per share.

Details—See issue of Aug. 24, 1944.

Underwriters—No underwriter named.

Withdrawal — Request for withdrawal filed March 30.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SECURITIES ACCEPTANCE CORP. on March 12 filed a registration statement for 50,000 shares of 5% cumulative preferred stock, Series A, $25 par.

Details—See issue of March 15.

Offering—The offering price to the public is $25.75 per share.

Underwriters — Cruttenden & Co., Chicago, and First Trust Co. of Lincoln, Neb., 25,000 shares each.

SIMPLICITY PATTERN CO., INC., on March 7 filed a registration statement for 60,542 shares of 5½% cumulative, convertible preferred stock (par $10). Shares are issued and outstanding and are being offered by certain stockholders.

Details—See issue of March 15.

Offering—Offering price to the public is $10 per share.

Underwriters—First Colony Corp. 50,542 shares and Straus & Blosser 10,000 shares.

SOUTHWESTERN INVESTMENT CO. on March 12 filed a registration statement for 12,500 shares preferred stock, convertible, no par, non-participating with cumulative dividend rights of $1 per share per annum, and 60,000 shares of common, no par. Of the latter 20,000 shares is to be reserved to meet conversion requirements of the preferred.

Details—See issue of March 15.

Offering—Holders of the $1.20 preferred stock have been given the option to exchange their stock on a share for share basis for the $1 preferred stock. Any of the $1 preferred not issued in exchange will be offered to the public at $20 per share. Corporation also is offering 11,822 authorized but unissued shares of common at $12.50 per share.

Underwriters—None named.

TEXAS ELECTRIC SERVICE CO. on March 2 filed a registration statement for $18,000,000 first mortgage bonds series due 1975 and 68,875 shares of preferred stock, par $100. The interest rate on bonds and dividend rate on preferred stock will be filed by amendment.

Details—See issue of March 8.

Offering—The company is offering to exchange the new preferred stock for outstanding $6 preferred stock on a share for share basis plus an amount in cash equal to the difference between $110 and the public offering price of the new preferred stock. The bonds and unexchanged shares will be sold at competitive bidding, with the price to the public to be filed by amendment.

Underwriters—The names will be filed by amendment.

UNIVIS LENS CO. on March 12 filed a registration statement for 42,702 common shares, (par 50 cents). Of the total 12,000 shares are being sold by the company and 30,702 shares are issued and being sold by stockholders.

Details—See issue of March 22.

Offering—The price to the public is $6.50 per share.

Underwriters — Allen & Co. is named principal underwriter.

WEST VIRGINIA WATER SERVICE CO. on March 5 filed a registration statement for 14,000 shares of $4.50 cumulative preferred stock and 100,000 shares of common. The preferred stock only represents a new issue.

Details—See issue of March 15.

Offering—Company will sell preferred stock to the underwriters who will offer same to holders of present $6 cumulative preferred at $104 per share. Any stock not subscribed by the stockholders will be offered to the public at $104 a share.

Offering price of common stock to the public will be $13.50 per share.

Underwriting—Allen & Co. and Shea & Co.

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., March 28, 1945.

The Board of Directors has this day declared a dividend of One Dollar and Fifty Cents ($1.50) per share, being Dividend No. 129, on the Common Capital Stock of this Company, payable June 1, 1945, to holders of said Common Capital Stock registered on the books of the Company at close of business May 4, 1945.

Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York 5, N. Y.

Columbia Aircraft Products, Inc.

SOMERVILLE, N. J.

March 22, 1945

DIVIDEND NO. 2

The Board of Directors of this Company at a meeting held this day declared a dividend of five cents per share on the capital stock of this Company to stockholders of record at the close of business, April 1, 1945, payable on or before April 15, 1945.

E. ALEXANDER, *Secretary-Treasurer*.

THE FLINTKOTE COMPANY

30 Rockefeller Plaza
New York 20, N. Y.
April 4, 1945

Preferred Stock

A quarterly dividend of $1.00 per share has been declared on the $4 Cumulative Preferred Stock of this corporation, payable on June 15, 1945 to stockholders of record at the close of business June 5, 1945. Checks will be mailed.

CLIFTON W. GREGG,
Vice President & Treasurer

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on May 1, 1945, to stockholders of record on April 16, 1945. The transfer books will not close.

THOS. A. CLARK
TREASURER

March 29, 1945

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"Our Reporter on Governments"

(Continued from page 1489)

The life insurance companies followed closely behind the savings banks as sellers of the partially exempts with the principal sales being made in the 2¾% due 12/15/60/65, the 2⅞% due 3/15/55/60, the 2¾% due 6/15/51/54 and the 2¾% due 6/15/58/63. . . .

These institutions did not make any purchases of the partially exempt securities. . . . Other investors made their heaviest commitments in the 2¾% due 9/15/56/59, the 2½% due 12/15/45 and the 2¾% due 9/15/45/47. . . . The largest sales made by this group were in the 3% due 9/15/51/55, the 2⅞% due 3/15/55/60, the 2¾% due 6/15/51/54, the 2½% due 9/15/50/52 and the 4¼% due 10/15/47/52. . . .

GOVERNMENT AGENCIES

U. S. Government agencies, trust funds, and Federal Reserve Banks reported no changes in their holdings during this period. . . . It had been previously pointed out that the advance that was taking place in the partially exempts last December was on light volume. . . .

The amount of securities that changed hands during last December, as shown by the Treasury statistics used in this study, bears out that observation. . . .

ADDITIONS BY NEW YORK CITY BANKS

New York City member banks for the week ended March 28, despite prevailing high prices for Government bonds, added $61,000,000 of these securities to their portfolios, while disposing of bills, certificates and notes. . . . These institutions are still lengthening maturities, which suggests the possibility, after the war, that the Treasury may be inclined to put out consols to satisfy this demand, if it still exists at that time. . . .

PARTIAL EXEMPTS BELIEVED VULNERABLE

Some of the more astute students of the Government bond market believe that the partially exempt issues, despite the fact that they are somewhat under their highs for the year, can be sold at these levels for a trading turn. . . . Although they are fully aware that based on a 1¾% yield curve these obligations can still advance, they point out that the ending of one phase of the war, discussions of, and new tax plans, together with any weakness in the general market, as well as the fact that dealers have no desire to position these bonds at these prices, could result in a sizable shake-out in these securities. . . .

It was noted that these bonds went up on light volume and they can come down on equally light volume. . . .

WAIT AND SEE

With reference to the 1¾% yield curve, which is now being used in place of the 2% curve to figure out the prices at which the new and outstanding issues may sell in the future, there appears to be some scepticism over the validity of accepting such a yield curve until the market has demonstrated its ability to hold such a level over a longer period of time. . . . It was pointed out that all the financing that will have to be done in the future before the budget is balanced will give the market ample opportunity to fully test this new yield curve, and then it can be decided whether or not it will be the one to be used in forecasting future prices. . . .

House Votes to Extend Life of CCC for Two More Years

The Commodity Credit Corporation has had its life extended for 2 more years and its borrowing powers increased from $3,000,000,000 to $4,750,000,000 by House action, reported Asociated Press advices from Washington on Mar. 27 which also said:

Early Senate concurrence was expected to send the legislation to the White House.

The agency supports farm commodity prices. Definite ceilings on commodity subsidies are written into the new legislation, including $568,000,000 under the dairy production program for the fiscal year ending June 30, 1946.

The House passed a separate bill authorizing the Defense Supplies Corp. to continue subsidy payments on flour in an amount not to exceed $190,000,000 during the fiscal year ending June 30, 1946.

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St. Joseph, Mo., Banks Form $7,200,000 Credit Group

Businessmen of St. Joseph, Missouri were assured recently of adequate credit in the post-war and reconversion periods, with the anouncement of the formation of a $7,250,000 bank credit group, set up by all the banks of St. Joseph.

Announcement of the credit group was made by F. L. Ford, President of the St. Joseph Clearing House Asociation. St. Joseph's bank credit group is one of 28 such groups located in strategic points throughout the nation.

Purpose of the credit group is to encourage the extension of credit to St. Joseph firms, individuals or corporations in the swiftly-approaching peace era. St. Joseph's move is in line with the program sponsored by the Post-War Small Business Credit Commission of the American Bankers Association, which has pledged that "every man, firm or corporation in the United States that needs bank credit will get it, if the money is to be used for some constructive purpose that will aid the private enterprise economy of our nation."

Oppose German Slave Gangs

In a Presidential address at a conference of clerical and administrative unionists in London on March 30, William Elger urged that German labor be used equitably and not reduced to "slave gangs" in the postwar reconstruction of Europe.

United Press advices from London further said:

Mr. Elger conceded that it might be necessary to use German labor outside the country to repair the ravages wrought by German armies in such countries as the Netherlands, but he said steps should be taken to insure against the "unwarrantable use of German labor beyond its own fortress." Conditions under which such labor should be used, he said, should be settled by "consultation and in agreement with a reconstituted German trade union movement."

MacKinnon Appoints Andrews and Stevens

Donald MacKinnon & Co., 1775 Broadway, New York City, dealers in United States Government and municipal securities, announce the appointment of James A. Andrews as manager of the Municipal Department and Dell H. Stevens as manager of the Bank Investment Department.

James A. Andrews

Mr. Andrews has been in the municipal field since 1930. He headed the Municipal Bond Department of J. A. Ritchie Co., Inc., and Eli T. Watson & Co. He was associated with Whitehouse, Hudson & Co. in their Bond Department and was a member of the former firm of Clark & Andrews.

Mr. Stevens, for 12 years prior to joining J. A. Ritchie Co., Inc., in 1941, was with Moody's Investors Service as bank counsellor. Both Mr. Andrews and Mr. Stevens were vice-presidents of J. A. Ritchie Co., Inc.

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Wilmington Chemical Corporation

Memo on Request.

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 161 Number 4374 New York, N. Y., Thursday, April 5, 1945 Price 60 Cents a Copy

The Financial Situation

Few if any of the many unsettling developments of the day give the thoughtful man more concern than the assiduousness with which the art of flim-flamming the public has been cultivated during recent years and the "planned" utilization made of it in national political affairs. Of course, the professional politician has long been, perhaps has always been, something of an actor and a pretender. He is usually good at cajoling his constituency and in pulling the wool over its eyes. There are many tricks in the art of doing so, and he is usually master of most of them—if he is long successful.

Political palaver and trickery tend often to send grossly incompetent men to places of power and influence in public life. But all this is as a child's wayward play compared with the injury being inflicted upon the world by experts in flim-flamming now in public life in various quarters of the globe, but particularly in Washington, D. C., who have made it their life's work to perfect and employ the art of flim-flamming for two purposes. One purpose is to keep themselves and their own in office and in control indefinitely, and the other is to effect changes in our way of living so profound as to amount to making this country over, perhaps making the world over, to comply with their own ideas and ideals.

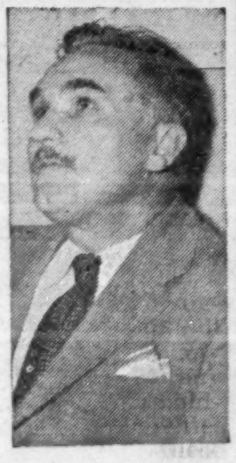
That these groups are highly skilled in their art is obvious from the length of time that the New Deal has remained in Washington, and in the degree in which its basic ideas have spread across oceans and plains in other lands. Upon reflection it is about as evident from the success they have already had in changing the face and form of our economy. A dozen years is a short time to conjure up and install all the strange mechanisms of control and direction which have sprung up and flourished since President Foosevelt first went to Washington as President presumably bound by promises to restore and to preserve sanity, real sanity of domestic vintage, in our na-

(Continued on page 1520)

From Washington Ahead of the News

By CARLISLE BARGERON

In Washington these days the official and semi-official population, which means, more or less, the officeholders and the newspapermen, are divided into two distinct classes: the world do-gooders and the non-world do-gooders, or the people, who like ostriches, have their heads in the sand. They sprang, each class, from the domestic do-gooders of the early New Deal and the non-domestic do-gooders of those days.



Carlisle Bargeron

The lines have split. We have here men whose hearts never bled for the domestic suffering but who have gone way out in front in the matter of bleeding for the world, and vice versa. But by and large, the division has held, and when the history of the period is written, it will turn out that of all the profitable industries which American ingenuity has ever devised, the most profitable of all was the business of bleeding not only for domestic impoverishment, but impoverishment and travail all over the world.

With this background, we want to present a current Washington spectacle which is baffling all students of human behaviour, and particularly of Washington behaviour. One of our most erudite national commentators has just returned from a junket over Europe. Incidentally, the junketing season is now wide open. If you have been in good with the New Deal there is no reason why you should not have an excursion abroad, and be able to tell of the wonders of how you can leave here at noon and be in Paris the next day at the same hour.

This most erudite of our commentators had a delightful trip. But he couldn't enjoy it. He couldn't enjoy it because over there, in Italy, just one of the countries he visited, he observed a soldier reading the "Stars and Stripes," one of the official Army newspapers. Our commentator friend wondered what this boy was finding in this publication, so he subsequently got hold of it to read. And, lo and behold, he saw the story of the near fist-fight on the floor of the House of Representatives several weeks ago between Representatives Rankin of Mississippi and Hook of Michigan. This worried our commen-

(Continued on page 1527)

Byrnes Reports on War Production, Reconversion

Holds More Manpower for War Production Still Needed and Urges More Government Economy After V-E Day. Calls for Continuation of Price and Production Controls. Predicts Less Favorable Food Situation and Housing Shortage in 1945. Warns Against Pressure for Public Works in Reconversion Period. Resigns Office and Is Succeeded by Fred M. Vinson.

James F. Byrnes

Director of War Mobilization and Reconversion James F. Byrnes made public on March 31 his second report to the President and the Congress, which he has submitted in accordance with the War Mobilization and Reconversion Act. Text of the official summary of Mr. Byrnes' report follows:

The report points out the accelerated progress of the war since the submission of the first report on Jan. 1, 1945. It is submitted "with high hope for early victory in Europe mixed with profound sorrow at the sacrifices which must be made to accomplish this victory and to defeat Japan."

[On March 24, a few days after filing his report for the year 1944, Mr. Byrnes submitted to the President his resignation as Director of the Office of War Mobilization, stating that he was retiring because "I think VE-Day is not far distant." President Roosevelt announced on April 2 the acceptance of the resignation "with regret" and requested that Mr. Byrnes continue in his office until the Senate confirms the appointment of Judge Fred M. Vinson, the present Director of the Office of Economic Stabilization, who was nominated for Mr. Byrnes' post.]

The report points out that coordinated, concentrated efforts by the production and procurement agencies have accomplished much in bringing critical war programs into increased production. However, while the output in critical items was increased 11% in January over December and 9% in February over January, actual output was still 4% below schedule in January and 6% below schedule in February.

War Production

Moreover, the gain in critical programs was made somewhat at the expense of other items of munitions, as munitions production, as a whole, was lower in February than for some time.

This production has to be accomplished with a civilian labor force which was dropped in the last three years by 1,800,000, despite the addition of 4,400,000 women workers. Labor shortages not only affect plants making finished munitions, but also those providing equipment components and materials, and essential services, such as transportation.

Lagging production has made it necessary for various conservation measures to be placed into effect to include a reduction in travel, the suspension of racing, a reduction in the use of electricity in night lighting and the closing of places of entertainment. Temperatures were reduced in public buildings, and our people were asked to save coal in their houses. The response of the public to these measures has been heartening.

These measures are of an emergency nature, and, with the exception of the travel measure, should be withdrawn on VE-day.

Other measures taken to relieve manpower shortages have included the tightening of draft regulations, the stricter issuance of state-

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Post-War Runaway Prices Feared

Allen Sproul, President of Federal Reserve Bank of New York, Urges Continuation of Price Controls. Says Post-War Full Employment Will Require Increase of Private Investment and a 40% Expansion of Consumption. Urges Taking Advantage of Interval Between End of War in Europe and in Pacific to Accomplish an Orderly Transition.

Allan Sproul

In the thirtieth annual report of the Federal Reserve Bank of New York, Allen Sproul, President of the Bank, calls attention to the dangers of inflation that will face this nation in the immediate post-war period, and advocates retention of price controls in the transition period. He also points out the need for both greater private investment and higher levels of consumption if full employment is to be accomplished in the years following the war.

Conceding that "comparative stability of prices during the war is one of the favorable factors bearing on the post-war period," Mr. Sproul says, "some other features of our wartime economy, raise difficult questions for the future. Last year was again characterized by financial and monetary expansion. The Federal debt rose another 62 billion dollars, commercial bank assets expanded more than 22 billion, and the money supply—the total of bank deposits and currency in circulation—was enlarged by an additional 28 billion. Though civilian consumption reached a new high peak, the volume of money incomes again exceeded consumption by a wide margin, and the liquid assets of individuals and of business again substantially increased. At the same time the deferred demand for consumer durable goods and presumably also for civilian capital goods not now available continues to pile up.

"What these wartime facts portend for the post-war period is a complex question. Placed on top of an already high level of national income and employment, such as we have at present, such a volume of deferred demand for civilian goods and services, backed up by the large wartime savings and the greatly expanded money supply, would indeed suggest post-war inflation; and it must be borne in mind, at any rate as a possibility, that any large-scale cashing-in of its holdings of Government securities by the public would force these securities into the banks and thus still further expand the supply of money. If such a wave of private expenditure should come before reconversion from war to peacetime production had gone far enough to match it with an expanding supply of goods, there might well develop a runaway rise of prices and all the other disorderly manifestations of an inflationary boom."

"There is," adds Mr. Sproul, "at least enough plausibility in this

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US Chamber of Commerce Endorses Bankers' Stand on Bretton Woods

Approves Report of Robert M. Hanes, Chairman of Its Finance Department, Recommending That Action Be Deferred on the Fund, but Upholding U. S. Participation in the International Bank. Advocates the Bank Undertake Currency Stabilization Function.

Participation by the United States in the proposed International Bank for Reconstruction and Development and deferment of action upon the proposed International Monetary Fund awaiting a study by the Bank are recommended in a report of the Finance Department Committee of the United States Chamber of Commerce. The report was made public on March 24, with the endorsement of the board of directors of the Chamber.

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Robert M. Hanes

The committee expressed complete agreement with the objectives of the Bretton Woods Conference and favored collaboration with other nations in a program of monetary stabilization, but raised questions as to methods under the proposed Monetary Fund.

In recommending deferment of action on the Fund, the committee suggested that the board of governors of the Bank prepare a program for monetary stabilization upon which the nations can agree, the Bank meanwhile taking the leadership in stabilization activities, including agreements and loans. The Bank was held to have sufficient authority to proceed along these lines under its general powers and under a clause permitting loans and guarantees in special circumstances for purposes other than specific projects of reconstruction and development.

The Finance Department Committee, which is headed by Robert M. Hanes of Winston-Salem, N. C., a former President of the American Bankers Association, acted after consultation with subcommittees of the Chamber's Foreign Commerce Committee and with its Committee on International Post-War Problems.

The recommendations were as follows:

"I. That the United States participate in the International Bank for Reconstruction and Development.

"II. That the board of governors of the Bank make a study of the question of monetary stabilization with a view to submission of recommendations to the nations concerning (a) any necessary broadening of its powers to include the negotiation of stabilization agreements and arrangements for stabilization loans, (b) the International Monetary Fund, or (c) some other mechanism, with operations of the Fund or other agency properly integrated with those of the Bank.

"III. That the Bank assume such interim stabilization activities, including agreements and loans, as may be permitted by its Articles of Agreement, which give definite authorization for loans and guarantees in special circumstances for purposes other than specific projects of reconstruction and development.

"IV. That Congress defer action on the participation of the United States in an International Monetary Fund pending submission of recommendations by the board of governors of the Bank with regard to the stabilization of exchanges."

In elaborating its recommendations, the committee said:

"Both in the field of long-term credits and otherwise, the Bank could be of assistance in stabilization of currencies. Indeed, emergency loans for stabilization purposes would seem to be possible under a provision of the Articles of Agreement permitting loans and guarantees in special circumstances for purposes other than specific projects of reconstruction and development. The stated powers of the Bank appear to be sufficiently broad to warrant attention to the general problem of currency stabilization.

"The committee has serious doubts as to the advisability or necessity of immediate action by Congress on the plan for an International Monetary Fund. It is of the opinion that further study of this and alternative methods of currency stabilization is desirable. The board of governors of the proposed International Bank would be well fitted to make such a study and to report its recommendations to the nations.

"The committee is not impressed by the argument that any action other than approval of both the Fund and the Bank would require another world conference, with probable failure of the entire program. The only change in the Articles of Agreement for the Bank which would be necessitated by establishment of the Bank in advance of action on the Fund is the elimination of a clause making membership in the Bank contingent on membership in the Fund. No general conference of the nations should be needed to obtain consent to this slight amendment to the Articles of Agreement.

"Establishment of the Bank should be accomplished more speedily under this program than if immediate action by the nations on both institutions were needed. Sentiment with respect to the Bank is favorable in other countries as well as in the United States. Serious doubts as to the Fund have been expressed elsewhere, as in this country. Such recommendations as might be made by the board of governors of the Bank with respect to a permanent stabilization program would carry weight in all the nations.

"The committee's conclusion that action on the Monetary Fund should be deferred is based, first, on various objections appropriate for further study by the board of governors of the Bank, such as are involved in differences of interpretation and opinion with respect to changes in exchange rates, credit rights of the nations, and continuance of exchange controls and bilateral agreements; second, on the apparent recognition that little would be expected of the Fund during a transitional period of from three to five years; and third, on the desirability of awaiting certain highly necessary adjustments in domestic and international policies before setting up an institution in which the process of granting credits might be regarded as somewhat automatic.

"The objections advanced against the Fund are such as to make it impossible for the committee at present to view the plan as meeting the criteria of the Chamber's position on monetary policy.

"Authority for the continuance of exchange controls in the early years of the Fund, limitations with respect to the use of its resources for relief, rehabilitation and war indebtedness, and the unlikelihood of immediate attainment of certain essential prerequisites, combine to negative any argument for urgency.

"The highly necessary adjustments, which should take place before the Fund could be effective, include the adoption of proper commercial policies and other measures favorable to an expansion of world trade, toward which the Chamber consistently has directed its efforts.

"The committee believes that a deferment of action on the Fund need not prevent the development of a practical program for the post-war stabilization of currencies. On the contrary, it is its belief that such a deferment would lead to a sounder initial valuation of currencies, with an ultimately greater chance for permanent stability.

"The very substantial cost of the Bretton Woods program has not been a determining factor in the recommendations of the committee. There should, however, be full disclosure of proposed post-war loans and other international financial undertakings of the United States as a means of gaining a proper perspective. It is likely that such undertakings will be of considerable magnitude.

"The committee is impressed with the importance of sound management of experienced officials, if an international institution, whether intended for monetary stabilization or long-term credits, is to be successful. With proper management, the nations could have assurance that whatever powers were granted would be exercised with caution. Without such management, incalculable harm might be done.

"Effective management of two world institutions would require a careful integration of their operations. There is a serious question with respect to possible operations of the Fund and the Bank at cross purposes, due to different regulations applicable to them. This is an additional reason for further study of the stabilization program before final action is taken upon it."

In support of its recommendation for deferment of action on the Fund pending a study by the board of governors of the Bank, the committee cited some of the criticisms against the monetary stabilization mechanism.

The committee referred to apprehension expressed in some quarters that the extreme flexibility in exchange rates, together with the authorized continuance of exchange controls and bilateral agreements during the post-war transition period, would result in further instability of currencies and that stability would not be obtained. Widely differing interpretations of the plan in the United States and the United Kingdom, it was stated, provide basis for doubt as to what may be expected.

The committee, in calling attention to a widespread opinion that adequate safeguards in credit extensions are lacking, cited the possibility of excessive borrowing which might lead to collapse of the Fund and adverse consequences to the world economy. It was pointed out that the inference is being drawn that members would consider themselves entitled to the amounts of their quotas and would expect no refusals.

The success of any scheme for world currency stabilization was asserted to be too important to be jeopardized by commencing operations at too early a date. Until domestic and world conditions are more favorable, gradual development of a program under the leadership of the Bank was held to be desirable.

Questions with respect to the powers which might be exercised by the Fund, including pressures which could be exerted upon member nations with respect to domestic policies, were stated to require careful study.

Commenting upon the proposed International Bank, the committee said:

"As against the ultraliberal conditions applying to credits through the Fund the proposed International Bank would operate on a strictly business basis. The Bank's outstanding guarantees, participations and direct loans would be limited to a maximum of 100% of unimpaired subscribed capital, reserves and surplus. Loan projects would be investigated and approved only on the basis of a favorable report by a competent committee. Arrangements would be made to ensure that proceeds of loans were used only for purposes intended, with due attention to consideration of efficiency and economy, and without regard to political or other non-economic influences. Consideration would be given to the prospect of repayment. Loans to private borrowers would be guaranteed by a governmental agency. A member nation would have a veto power with respect to loans in its currency. Loans would be made only when not obtainable from private sources.

"The safeguards writen into the Articles of Agreement for the Bank tend to minimize the possibility of losses. The policies of the institution would be directed toward the support of rather than encroachment upon private enterprise.

"The Bank, with its broad international representation, would be in a favorable position to study and develop for approval of the nations ways and means of currency stabilization and to bring about the introduction of these plans when they appeared to be feasible and desirable."

Presents Four-Point Program for Reconversion

Economists Committee on Reconversion Problems Proposed: (1) Elimination of Wartime Controls, (2) Freedom to Establish New Enterprises, (3) a Tax Structure That Will Preserve the Profit Motive, and (4) Enforcement of the Anti-Trust Laws, Without Attacks on Mere Size.

A four-point program to assure the nation of the benefits of free competition in the reconversion of industry from war to peace after victory in Europe was offered today by the Economists Committee on Reconversion Problems.

At the same time the Committee warned that competition cannot provide the stimulus necessary to secure the high level of production and employment essential to future prosperity unless industry is freed from the shackles of government controls and is encouraged to expand output and lower prices.

The Committee, of which Dr. Ivan Wright, professor of economics of Brooklyn College, is secretary, asserted in a statement that only by the adoption of the following measures at the war's end can the powerful spur of competition be secured to accelerate reconversion and assure its success:

1. Restrictive production, distribution and price controls must be terminated immediately at the end of the war, so that output can be expanded by manufacturers and merchants can be provided with more goods to sell.

2. No obstacles must be placed in the way of new enterprises that wish to enter an industry, and compete with those already established therein, except where public interest calls for reasonable limitations as in air transportation and other public utilities.

3. The tax structure must be reformed so that it will not tend to destroy the profit motive as the mainspring of the national economy. Managements should know that if they sell more goods and cut costs, they can retain a sizeable part of the larger earnings that result.

4. The anti-trust laws must be enforced to prevent monopoly and unreasonable trade restraints, except in the public utility fields whereby regulatory agencies with broad control powers exist. But the enforcement of competition and prevention of monopoly should not be confused with attacks on enterprises which have become larger in size because of efficiency.

Such cumbersome wartime devices as production controls and price ceilings are wholly unnecessary and mischievous in peacetime, for competition accomplishes the same purpose more satisfactorily, said the Committee, which has been studying the basic problems that will confront American business in the reconversion to a civilian economy.

"Under a free competitive economy, each businessman makes his own decisions," the Committee stated, "and his own enterprise is the chief sufferer from the consequences of mistakes. Under a controlled economy, a government official makes managerial decisions for an entire industry, or for the economy as a whole. All suffer if he makes an error.

"Government controls over the quantity and quality of production, over distribution and selling prices, will make for higher costs, reduced sales and less employment. Competition, by contrast, compels manufacturer and distributor alike to operate efficiently so as to reduce costs, lower prices and thus expand sales in a competitive market.

"It will be unfortunate indeed, if, during the war, the nation becomes so habituated to government regulations that it will continue to rely upon such controls in peacetime rather than the automatic forces of free competition. Reconversion, following victory in Europe, will provide the test."

UNRRA to Supply Yugoslavia

Herbert H. Lehman, Director of the United Nations Relief and Rehabilitation Administration and Marshall Tito's government in Yugoslavia have come to an agreement which permits Tito's government to distribute supplies furnished by the UNRRA.

Washington advices to the N. Y. "Herald Tribune" of March 28 discussed the agreement as follows:

UNRRA representatives are, however, to be afforded an opportunity of observing distribution in Yugoslavia "at all stages," it was provided by the conditions. They were signed in Belgrade by Nikola Petrovic, Minister of Commerce, and Roy F. Hendrickson, a deputy director general for UNRRA.

No request for payment is to be made. The director general was disclosed to have "determined that Yugoslavia is not at this time in position to pay with suitable means of foreign exchange for relief and rehabilitation."

The United Nations agency announced that Alan Hall of Australia, acting chief of the UNRRA mission to Yugoslavia, will soon establish headquarters in Belgrade.

Warns Against Reliance on Credit To Foster Foreign Trade

Guaranty Trust Holds That Solution of Credit Problem Does Not Lie in the Proposed International Monetary Fund. Sees Abuses if Operations Are Contrary to Accepted Principles of Credit and Foreign Exchange.

The March issue of "The Guaranty Survey," published by the Guaranty Trust Company of New York, contains an analysis of the post-war foreign trade outlook for the United States. Pointing out that both exports and imports have risen "to levels far exceeding anything in the past," the "Survey" maintains this is no indication that these levels will be maintained after the war, and that if efforts are made to swell foreign markets by too great a reliance upon credit, there are grave dangers ahead.

"Too great reliance upon credit as a means of swelling foreign markets for American products is certainly to be avoided," the article states. "Capital exports undoubtedly can and will be made. Their volume should be determined, however, strictly from the long-term investment point of view, with due weight given to their probable broad economic effects and the prospects of repayment. There will be a strong temptation to use credit as it was used after the last war, as a means of stimulating merchandise exports without considering that in the end imports and services must pay for both the loans and our exports. If such practices should be adopted again, they would probably end, as they did before, in a general international collapse of credit and trade, resulting in heavy losses to American investors."

Referring to the International Monetary Fund as a factor in post-war trade, it is stated:

"Most emphatically, we believe the solution of the credit problem does not lie in the establishment of an International Monetary Fund of the sort contemplated in the Bretton Woods proposals. Much more effective as a means of providing such credit as may be needed to promote exchange availability and finance rehabilitation would be the proposed International Bank for Reconstruction and Development. Such a bank, under proper management, could be of real service in supplying credit of types not suitable for private investors."

Turning to the dangers of the Monetary Fund, the "Survey" continues:

"The Monetary Fund could perform no useful function that the International Bank could not perform as well or better; and it would expose the world, and the United States in particular, to a number of very serious dangers. Its methods of operation would be contrary to all accepted principles both of credit and foreign exchange. They would not prevent countries from adopting inflationary policies at home while continuing to exchange their currencies for others at fictitious parities. They would make possible credit abuses far exceeding those that occurred after the last war.

"In practice, such abuses would be principally at the expense of the United States, since this country would supply a large proportion of the Fund and its currency will probably be most in demand after the war. The United States would, in fact, be placed in the position of agreeing in advance to accept foreign currencies at certain values and to lend foreign countries large sums of money without an opportunity to examine the values of those currencies, the amounts or terms of the loans, or the financial position of the borrowers.

"If the proposals offered prospects of lasting currency stabilization, its costs, even though large, might be accepted as no more than a reasonable price to pay for such a desirable objective. But the plan would do little or nothing to promote true stabilization, and it might have exactly the opposite effect. Currency stability comes not from exchange-pegging agreements or lavish extensions of credit but from sound economic, monetary and fiscal conditions in individual countries. Balanced budgets, sound money, stable domestic prices, active and prosperous industry—these are the factors that make for stability of currencies. When they exist, no elaborate international mechanisms are needed to stabilize exchange rates. When they do not, such mechanisms are worse than useless.

"One thing seems certain: The optimistic estimates of post-war foreign trade volumes will not be realized if the world allows itself to drift back into the system of prohibitive tariffs, quotas, exchange controls, bilateral clearing arrangements and multiple-currency practices that prevailed during the pre-war decade. These barriers have been subordinated, for the time being, to war-time controls, the need for which will pass with the coming of peace. The post-war transition will present the world with a rare opportunity to rid itself of these restrictions. The process, however, will not be easy, as the reluctance of some of the delegations at Mexico City to consent to tariff reductions has shown; and it probably cannot be accomplished at all without general international agreement. Efforts to reach such an agreement should be directed exclusively at the question of trade barriers, which should be considered on its own merits and should not be made more difficult than necessary by the injection of such highly controversial issues as the Bretton Woods proposals.

"The United States, as the nation with the greatest stake in the restoration and expansion of foreign markets, would be the most logical initiator of such a movement. Our heavy industries, with capacities greatly increased by war demands, probably face drastic curtailment unless large opportunities can be found in supplying capital equipment for the development of new industrial areas in foreign countries. Such opportunities certainly exist, and the principal obstacles to their full realization lie not so much in foreign competition as in the possibility of Government regulations, cartel arrangements, subsidies and other forms of artificial and uneconomic interference. If such restraints can be prevented or discouraged by international understanding at the outset, our foreign trade after the war may bear out the more hopeful forecasts, with immeasurable benefits both to ourselves and others."

New South Wales Tenders

The Chase National Bank of the City of New York, as successor fiscal agent, is inviting tenders for the sale to it of an amount of external 5% sinking fund gold bonds due April 1, 1958, of State of New South Wales, Australia, sufficient to exhaust the sum of $241,436.63 now held in the sinking fund. Tenders will be opened at 12 o'clock noon on April 9, 1945, at the Corporate Trust Department of the bank, 11 Broad St., New York City 15, N. Y.

Payments in Excess of Ceiling Prices Not Tax Deductible

Joseph D. Nunan, Jr., Commissioner of Internal Revenue said March 29 that dealers in commodities subject to price controls who pay prices above the ceilings established by the Office of Price Administration, cannot have such excess payments considered as deductions in determination of their taxable income. In the audit of income tax returns, he stated, such an excess payment will not be allowed either as cost of goods sold or as an item of expense for deduction from gross income.

Commissioner Nunan called attention to the provisions of the Emergency Price Control Act providing that it is unlawful for any person, under circumstances recited in the Act, "to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity", in violation of any regulation or order, or in violation of any price schedule, issued in pursuance of the provisions of the Act.

He also referred to various Federal court decisions holding, in effect, that a deduction from Federal income tax should not be allowed where the result is to allow a tax advantage to flow from an illegal expenditure and thus frustrate a sharply defined public policy. He added, to allow an amount paid in excess of the established ceiling price as cost of goods sold, or to allow such an item to be otherwise deductible for purposes of the Federal income tax, would be to allow violators of the Price Control Act to distort the true nature of the payments made and to encourage the consequent disregard of the anti-inflationary policies established by that Act.

Savs. in Ill.-Wisc. Bldg. & Loan Assns.

The rate of increase of savings and investments in insured savings, building and loan associations in Illinois and Wisconsin continued upward in the last half of 1944, and the $45,222,222 net gain in private shares rolled up a new record, A. R. Gardner, President of the Federal Home Loan Bank of Chicago, reported on March 29. He said that in the 303 such institutions in this district, people had $453,718,417 invested on Dec. 31, 1944, a gain of 11.7% from June 30.

Maintenance of average reserves and undivided profits at approximately the same ratio to total assets as at mid-years, despite the phenomenal gains in new money flowing in, was reported in a further analysis by Mr. Gardner of the balance sheets of associations which have their shares insured. This is the only group of savings and loan institutions for which these full data are yet available, it was pointed out.

While the total amount of mortgage loans outstanding increased during the last half of 1944, the ratio of such loans to total assets declined from 69.11 to 67.2%. The increasing percentage of assets not finding an outlet in the mortgage loan field is accounted for by rapidly enlarging portfolios of Government bonds and increased cash, both phenomena of the wartime economy.

Mr. Gardner said that the total assets of the associations in these two states which have their share accounts insured by the Federal Savings and Loan Insurance Corporation, went over the half billion mark for the first time as of Dec. 31, 1944.

The State of Trade

Of much significance the past week was the news of the "New Charter for Labor and Management," embracing the principles upon which labor and capital will work for greater harmony and progress between employee and employer, which in turn will promote the common good of the nation as a whole.

The agreement recognizes the rights and responsibilities of both groups and through it labor and management will strive to cope successfully with the big problem of employment and production when our country again returns to an economy of peace.

There are undoubtedly some who will look upon such an agreement as fraught with so many generalities that its failure to go to the heart of the problem of industrial conflict will prove it to be impotent in the promotion of greater unity among men.

One of the root causes of much industrial strife is the lack of true understanding on the part of both groups of each other's problems. In the period of early medieval guilds a just balance between the economic interests of their own members and the common good of society had in a high degree been reached. As wide an opportunity for industrial independence as could well be possible had then been attained. Today, the radical change in our industrial set-up occasioned by the departure over the years in methods of production and the greater use of machinery, of necessity, makes the skilled artisan as well as the unskilled worker more than ever dependent upon business and industry to sustain him.

In seeking to attain security of job and well-being of family, some workers turn to labor organizations as the best means to this end. On the opposite side of the picture we find business and industrial groups such as the United States Chamber of Commerce, the National Association of Manufacturers and like trade groups established in the interests of business and industry. One can find no quarrel with such associations so long as they remain mindful of the common good of society in their administration. Such is the intent and purpose of the new labor and management code recently arrived at.

The new charter of labor and industry has the endorsement of the President and leading industrialists and bankers and was signed by Eric Johnston, President of the Chamber of Commerce of the United States; William Green, President of the AFL, and Philip Murray, President of the CIO. One objection raised against the charter was that of Ira Mosher, President of the NAM, who stated that it was good "as far as it goes but it doesn't go far enough." This objection of Mr. Mosher's is not likely to preclude the possibility of cooperation on the part of the association he heads, since two of its officers were signatories to the agreement.

Some insight may be afforded those interested in the charter from the following excerpts of the text which embraces seven principles:

"We in management and labor firmly believe that the end of this war will bring the unfolding of a new era based upon vastly expanded economy and unlimited opportunities for every American.

"This peacetime goal can only be attained through the united effort of all our people. Today we are united in national defense, tomorrow we must be united equally in national interest.

"Management-labor unity, so effective in lifting war production to unprecedented heights, must be continued in the post-war period. To this end, we dedicate our joint efforts for a practical partnership within this code of principles."

The code calls for wages assuring a steadily advancing standard of living, free competition, the right of management to direct operations, the right of labor to organize and bargain collectively, protection of the individual against unemployment, expanded foreign trade free of subsidized competition, and an enduring peace.

Finally, the charter called for a national committee of business and labor representatives which "will seek to promote an understanding and sympathetic acceptance of this code of principles and will propose such national policies as will advance the best interests of our nation."

Steel Industry — The secondary steel order peak of the war to all appearances has passed this week, since some mills for the first time this year have reported reductions of backlogs. Cancellations have contributed to the overall improvement in the steel production picture. Improvement in the railroad car situation, the end of cold weather, and in some cases better local operating conditions have combined to put both ingot and finished steel production on a higher plane, states "The Iron Age" in its currently weekly survey of the steel trade.

Preliminary production reports for March indicate that, although few wartime records will be set, output will be the highest for several months. Chicago's operating rate the past week, 103, was the highest in 11 months and operations in Pittsburgh have assumed a more "normal" character for the first time in nearly two and a half months.

Cancellations had an important effect on backlogs the past week and were largely from customers who have had their second quarter CMP allotments cut rather than from schedule changes or curtailments. Many civilian manufacturers display a marked reluctance to remove from mill books tonnage for which second quarter authorization has been revoked. As for the mills, their attitude is that it is not their responsibility to police the validity of authorizations which have been handed them.

Some eastern mills last week were reported to be seeking plate business for May delivery, the conjecture being that cutbacks in the tanker construction program may have created spot openings. Renewal of contracts held by midwestern landing craft builders may offset to a degree this reported setback. Overall Maritime Commission plate requirements give evidence of their oft-rumored slide and by July seem destined to be less than 40% of the July, 1944, level, according to the magazine.

Some plate mills are in active search of business for the third quarter. As an indication of this, one producer stated the past week that his mill will take orders for plates for any month after August. The feeling exists that Maritime reservations of plates will be completely abandoned shortly thereafter.

Expansion of warehouse stocks has occurred as a direct result of the improved situation at the mills made possible by higher production and additional available freight cars. Order volume is being dictated closely by available stocks and March orders will run higher. Delay in shipment of CMP orders by mills continues to throw a larger than usual proportion of production business to the warehouses, "The Iron Age" points out. Some sources indicate that warehouses will get additional galvanized sheets in the future.

Production of galvanized and cold-rolled sheets continues below its peak, because of manpower shortages, while new business in

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The Financial Situation

(Continued from first page)

tional government. The coterie of huge corporations and agencies functioning under, through and with the support of the Reconstruction Finance Corporation; the Securities and Exchange Commission and the half dozen laws under which it now functions on a broad front; the Federal Deposit Insurance Corporation, the several mortgage corporations, the whole system of home loan financing, the several laws and innumerable executive orders concerning employer-employee relationships, the complete turnabout in ideas concerning sound fiscal finance and banking—these are but a partial list. There are many more.

Planning More of the Same

No one who follows Washington developments with reasonable attentiveness supposes for a moment that the elements in Washington and elsewhere who are responsible for all this are as yet stated. Neither is there any reason to suppose that, whatever the protestations now, a determined effort will not be made by these groups to continue permanently after the war is over many of the controls, restrictions and other devices to which the war years have given rise. The intentions and the maneuvers of these day-dreamers are not infrequently portrayed as having dark designs upon us all—indeed of having large, well-developed horns or tusks, or both, and waiting only the oppotrunity to employ them. It is, however, not necessary to suppose that such is the general rule in order to foresee extensive and very serious damage to the America which we have all known and intended always to have. Many of these individuals are doubtless as sincere as any of the rest of us. They hold certain opinions which Americans as a rule certainly have not held in the past, and we think do not now hold. They would make changes in the American system which, so we believe, would not be countenanced if the people understood what was taking place or what was being planned. If these changes were to be made they would be just as harmful as though those who effected them had evil designs in doing so.

Lack of Candor

The complaint against these so-called reformers is not that they are not sincere, or that they are undertaking changes which they know will hurt rather than help the country, but rather that they are not candid with the public about what they really are trying to do. Were they to lay out a blue print of their master plans and present them to the public in full frankness, there can be but little question what would happen. Their schemes would be rejected promptly and decisively. But it is not in keeping with the art of flim-flamming the public to call a spade a spade or to tip one's hand prematurely. Even Hitler was far too wise to do any such thing. Little by little, one scheme at a time presented as though it were an isolated and highly special case and supported with ad hominem arguments—that is the technique of the flim-flammers. The program grows little by little with the appearance of apparently unrelated parts, each appealing to some particular element or contingent in the population. Only slowly does the pattern of the scheme become evident—and by that time all but the most alert and independent minded have become so accustomed to much of what has been done, and so many vested interests have been developed that it is difficult if not impossible to do anything about it all.

Propaganda!

Meanwhile the growing stream of propaganda is all but suffocating the public. In Germany, Hitler had his "Propaganda Minister" frankly so labeled. We have them by the dozen, but they carry no official title that would for a moment suggest propaganda. Such machinery called by some other name is a necessary part of the equipment of the flim-flammers, and they know only too well how to use it. By such means the public is gradually led around to the acceptance of a program which is at the same time developing. Slogans and "smear" phrases are coined and put into circulation. They aid greatly in getting the public to accept almost anything without inquiring too pointedly what it is, and in preventing what has been accepted from appearing too shocking to the public once its nature is realized.

Let no one doubt that a program as un-American almost as Nazism is being formulated (or has been formulated) for adoption in the United States once the war is over, or that all these arts of flim-flamming are being arrayed in its support. The plans are bad enough, but they would be relatively harmless were it not for the degree in which the art of flim-flamming the public has been developed within recent years. It is of the utmost importance to find a way to combat the latter. The real problem is to get the facts clearly and calmly before the people. Once that is done—and the flim-flamming exposed—most of the danger of New Dealism would disappear.

Job Relations Inst. Planned for April

Three institutes for instructors, who will conduct job relations programs for the American Institute of Banking in their home chapters, are being planned for April, according to William C. Way, President of the Institute, who is also trust officer of the Central National Bank, Cleveland, Ohio. The AIB is the educational section of the American Bankers Association.

The three April job relations institutes planned for Dallas, Texas; Detroit, Michigan, and Cleveland, Ohio respectively, bring the total number of institutes to nine since the beginning of this year. Institutes already completed were held in New York City, Chicago, Columbus, Seattle, and San Francisco. At Boston, an institute for bank representatives from Portland, Maine chapter, Concord, Massachusetts chapter, Providence, Rhode Island, chapter and Boston chapter is now in progress with William G. Barry, assistant branch office manager of The First National Bank of Boston, as conductor.

During the week of April 2 an institute will be held at Dallas, Texas, with Robert C. Rutherford, assistant to the national AIB secretary, as conductor to train chapter instructors for Houston, Forth Worth, and Dallas, Texas, and Oklahoma City, Oklahoma. Mr. Rutherford is also scheduled to conduct an institute to be held in Detroit for the Michigan area during the week of April 16. Tentative plans have been made for another institute for Cleveland, Ohio during the month.

Institutes for job relations instructors are limited to 10 persons, in order that each of the chapter conductors may be given a maximum amount of individual training and help during the intensive 40-hour course. The job relations program of the AIB is designed to stimulate qualities of leadership among bank people employed in supervisory positions, and to provide them with practical demonstrations of techniques they can use in successfully directing the activities of persons working in their own bank departments.

House Inquiry to Be Made on Immigration, Veterans

Bringing its investigating activities to a probable all time high, the House of Representatives on March 27 submitted for inquiry the post-war problems of immigration and future administration of veterans' affairs.

New York "Herald Tribune," Washington advices of March 27 said:

The inquiry into the immigration laws, their administration and the possibility of revising the quota act after the war, was approved by a record vote of 182 to 113.

The resolution was introduced by the Chairman of the Committee, Representative Samuel Dickstein, Democrat, of New York.

The investigation into the activities of the Veterans' Administration, provided for in a resolution sponsored by Representative John E. Rankin, Democrat, of Mississippi, Chairman of the House World War Veterans Committee, was adopted by a vote of 256 to 4.

FDR Returns From Hyde Park

President Roosevelt returned from his home in Hyde Park, N. Y., after a four-day vacation. Washington Associated Press advices also stated: Upon his return the President went into conference with the British Ambassador, Lord Halifax, and Sir Oliver Lyttleton and Col. J. J. Llewellyn, who are in the United States to study the food supply situation.

Items About Banks, Trust Companies

The statement of condition of Guaranty Trust Co. of New York as of March 31, 1945, shows total resources of $3,483,800,314 against $3,826,161,882 on Dec. 31, 1944. and total deposits of $3,144,252,438 compared with $3,441,036,641 three months ago, and holdings of U. S. Government obligations of $2,159,912,429 against $2,362,481,367 at the end of the year.

Capital and surplus remain unchanged at $90,000,000 and $170,000,000, respectively, and undivided profits total $45,148,336 as compared with $42,222,571 at the time of the last published statement, Dec. 31, 1944.

The National City Bank reported as of March 31, 1945, total deposit of $4,163,630,113 and total assets of $4,440,199,932 compared respectively with $4,205,072,012 and $4,469,686,465 on Dec. 31, 1944. Capital and surplus were unchanged at $77,500,000 and $122,500,000, respectively, and undivided profits were $30,382,534 against $28,610,465 at the end of December.

The City Bank Farmers Trust Co., the stock of which is owned beneficially by the shareholders of the bank, reported as of March 31, 1945, deposits of $215,038,166 and total resources of $245,204,897 compared with $159,973,276 and $189,490,753, respectively, on Dec. 31, 1944. Capital and surplus were unchanged at $10,000,000 each and undivided profits were $6,556,673 as compared with $6,332,967 at the end of the year.

The total of deposits for the bank and the trust company together, as of March 31, 1945, amounted to $4,378,668,279 and the total of assets to $4,685,404,829 as compared with a corresponding total at the end of the year of $4,365,045,288 and $4,659,177,218, respectively.

Net current operating earnings of the National City Bank of New York and of the City Bank Farmers Trust Company combined, for the first quarter of 1945, after provision for taxes, depreciation and amortization were $4,224,559 compared with $3,438,297 for the same period in 1944. This represents 68 cents per share in the current quarter and 55 cents per share for the same period in 1944 on the 6,200,000 shares outstanding.

Total earnings, including operating earnings and profits from sales of securities net of taxes, were $7,046,436, or $1.14 per share and for the same period in 1944 were $5,328,111, or 86 cents per share. Security profits, together with recoveries, were transferred directly to reserves.

The Chemical Bank & Trust Company reported as of March 31, 1945, deposits of $1,224,334,794 and total assets of $1,327,370,079, compared, respectively, with $1,398,753,587 and $1,500,836,755 on Dec. 31, 1944. Cash on hand and due from banks amounted to $205,687,461 compared with $252,018,057; holdings of United States Government securities to $736,400,527 against $836,557,275; bankers' acceptances and call loans to $69,513,385 against $77,035,291; and loans and discounts to $159,404,148 against $198,159,376.

Net operating earnings for the quarter amounted to $2,000,656 as compared to $1,752,053 for the same period a year ago. Net profits and recoveries on securities amounted to $975,071, against $78,145 for the first quarter of 1944.

Capital and surplus were unchanged at $20,000,000 and $60,000,000, respectively, and undivided profits were $11,443,756 against $10,598,346 at the end of December. The indicated net earnings on the bank's 2,000,000 shares (par $10) amount to $0.87 per share for the first quarter of 1945 as compared with $0.71 per share a year ago.

The Commercial National Bank & Trust Company of New York reported as of March 31, 1945, total deposits of $224,092,155.24 and total assets of $248,125,431.10 compared, respectively, with $244,089,649.95 and $268,004,596.65 on Dec. 31, 1944. The bank held cash on hand and due from banks of $46,670,071.41 compared with $44,263,008.35 on Dec. 31, 1944; investments in United States Government securities of $160,915,430.64 compared with $178,102,283.34 on Dec. 31, 1944. Loans and discounts of $35,250,635.33 compared with $40,897,678.93 on Dec. 31, 1944.

The bank's capital account was unchanged at $7,000,000 and its surplus and undivided profit account increased to $11,378,732.15 from $11,148,851.37 at Dec. 31, 1944, after payment of the regular dividend. Net earnings per share for the quarter were $1.06.

Total assets of Clinton Trust Company of New York as of March 31, 1945, increased to $22,131,330 from $21,376,233 on Dec. 31, 1944, and $18,161,884 a year ago, according to the bank's statement of condition at the end of the first quarter of 1945. Deposits on March 31, 1945, amounted to $20,733,027 compared with deposits of $20,050,698 three months earlier and $16,979,875 last year. Surplus and undivided profits of the bank totaled $573,697 compared with $514,664 on Dec. 31, 1944, and $472,563 a year ago.

Loans and discounts as of March 31, 1945, totaled $2,901,663 compared with $2,922,011 on Dec. 31, 1944, and $3,008,258 on March 31, 1944. Holdings of U. S. Government securities totaled $11,345,874 and municipal bonds $912,515 against combined holdings of U. S. Government and municipal bonds of $11,029,605 on Dec. 31, 1944, and $9,092,382 on March 31, 1944. Cash on hand and due from banks on March 31, 1945, was $4,629,489 compared with $4,541,036 three months earlier and $3,638,708 a year ago.

The Public National Bank & Trust Co. of New York reported as of March 31, 1945, total deposits of $422,786,360 and total assets of $448,418,898, compared, respectively, with $415,525,107 and $441,608,844 on Dec. 30, 1944. Cash on hand and due from banks on March 31 amounted to $80,525,666, against $75,955,645; holdings of United States Government securities to $253,268,726, against $257,941,964, and loans and discounts to $101,579,619, against $96,041,908. Capital was increased to $7,700,000 while surplus remained unchanged at $9,000,000, and undivided profits March 31 were $4,117,374, after allowing for $165,000 dividend payable April 2, 1945, against $4,508,040 at the end of September.

The Irving Trust Co. of New York announced in its statement of condition as of March 31, 1945, that total resources are $1,188,200,127, compared with $1,262,589,365 on Dec. 31, and $1,142,500,005 on March 31, 1944, while total deposits are $1,066,240,406, against $1,141,041,213 three months ago and $1,027,501,094 a year ago. Loans and discounts are now $214,494,615, against $267,469,810 and $213,230,746 while U. S. Government securities at the latest date stand at $722,085,717, compared with $747,793,042 and $680,118,603 last year; the capital is unchanged at $50,000,000, while surplus and undivided profits are shown as $108,968,615, March 31, 1945, against $108,303,328, Dec. 31, 1944, and $106,881,865, March 31, 1944.

Bank of the Manhattan Company reported as of March 31, 1945, total deposits of $1,072,419,495 and total assets of $1,137,014,-

(Continued on page 1532)

A New Deal Salesman?

"The report looks ahead after the defeat of Japan. It foresees a tremendous demand for materials for reconversion and to restore inventories of consumer goods in this country. There will also be a huge demand from abroad, where destroyed homes and factories must be rebuilt. Foreign trade is essential to our own post-war prosperity. Foreign countries have expanded their gold and dollar assets by more than $8,000,000,000 since 1940. However, their resources are not unlimited and we must be prepared to make loans to those countries where there is reasonable prospect of repayment.

"The report recommends favorable consideration by Congress of a broad foreign policy, to include the extention and strengthening of the Trades Agreement Act; the establishment of the International Monetary Fund; approval for the establishment of the International Bank for Reconstruction and Development; the extension of the authority of the Export-Import Bank to finance our foreign trade, and the repeal of the Johnson Act, prohibiting loans to governments in default on their obligations to the United States. An active foreign trade is necessary if trade at home is to prosper.

"Production for this war has stimulated new developments in industry and trade. Free enterprise will have its opportunity in utilizing these developments in peace to prove it can provide full employment. Anti-trust laws must be enforced vigorously to prevent monopolies and to protect small producers. Vigorous steps must be taken to stop international cartels designed to maintain price structures at high levels."—From the official summary of the second report of the Director of War Mobilization and Reconversion.

Much more of the same general order, some good, some bad, is included in this remarkable document.

It begins to appear that it is a part of the duties of the Director of War Mobilization and Reconversion to "sell" New Deal post-war ideas to the public!

Announce a Management-Labor Code

Labor Organization Heads and Eric Johnston of U. S. Chamber of Commerce Agree on Seven Point Program. Mosher of NAM Holds Provisions Not Specific Enough. Code Praised by President Roosevelt.

On March 28, "A New Charter for Labor and Management" was announced jointly by William Green, President of the American Federation of Labor, Philip Murray, President of the Congress of Industrial Organizations, and Eric Johnston, President of the Chamber of Commerce of the United States. The so-called "Code" contains seven points, upholding the inherent right of management to direct the operations of an enterprise and the fundamental right of labor to collective bargaining. It maintains the principle of "the highest degree of production and employment at wages assuring a steadily advancing standard of living." The following is the full text of the proposed charter:

We in management and labor firmly believe that the end of this war will bring the unfolding of a new era based upon a vastly expanding economy and unlimited opportunities for every American.

This peacetime goal can only be attained through the united effort of all our people. Today we are united in national defense. Tomorrow we must be united equally in the national interest.

Management-labor unity, so effective in lifting war production to unprecedented heights, must be continued in the post-war period. To this end, we dedicate our joint efforts for a practical partnership within the framework of this code of principles:

1. Increased prosperity for all involves the highest degree of production and employment at wages assuring a steadily advancing standard of living. Improved productive efficiency and technological advancement must, therefore, be constantly encouraged.

2. The rights of private property and free choice of action, under a system of private competitive capitalism, must continue to be the foundation of our nation's peaceful and prosperous expanding economy. Free competition and free men are the strength of our free society.

3. The inherent right and responsibility of management to direct the operations of an enterprise shall be recognized and preserved. So that enterprise may develop and expand and earn a reasonable profit, management must be free as well from unnecessary governmental interference or burdensome restrictions.

4. The fundamental rights of labor to organize and to engage in collective bargaining with management shall be recognized and preserved, free from legislative enactments which would interfere with or discourage these objectives. Through the acceptance of collective bargaining agreements, differences between management and labor can be disposed of between the parties through peaceful means, thereby discouraging avoidable strife through strikes and lockouts.

5. The independence and dignity of the individual and the enjoyment of his democratic rights are inherent in our free American society. Our purpose is to cooperate in building an economic system for the nation which will protect the individual against the hazards of unemployment, old age and physical impairments beyond his control.

6. An expanding economy at home will be stimulated by a vastly increased foreign trade. Arrangements must therefore be perfected to afford the devastated or undeveloped nations reasonable assistance to encourage the rebuilding and development of sound economic systems. International trade cannot expand through subsidized competition among the nations for diminishing markets, but can be achieved only through expanding world markets and the elimination of any arbitrary and unreasonable practices.

7. An enduring peace must be secured. This calls for the establishment of an international security organization, with full participation by all the United Nations, capable of preventing aggression and assuring lasting peace.

We in management and labor agree that our primary duty is to win complete victory over Naziism and Japanese militarism. We also agree that we have a common joint duty, in cooperation with other elements of our national life and with Government, to prepare and work for a prosperous and sustained peace. In this spirit we agree to create a national committee, composed of representatives of business and labor organizations. This committee will seek to promote an understanding and sympathetic acceptance of this code of principles and will propose such national policies as will advance the best interests of our nation.

In a letter to Eric Johnston, dated March 9, Ira Mosher, the President of the National Manufacturers Association, expressed general approval of the proposed code "as far as it goes," but called for "a more specific statement." According to the New York "Times," Mr. Mosher, in support of his view, wrote:

"The proposed statement of principles is premature. To obtain wide acceptance, such a statement should be the result of deliberations by a larger and more representative group. Such a group could give consideration as to how the purposes of the statement might be implemented before issuance, which would lend great strength to the words. Otherwise, instead of promoting unity between labor and management, a statement couched in such general terms could easily breed further misunderstanding between them and really not materially assist in formulating sound public policies."

Continuing Mr. Mosher stated:

"If we're going to prevent strife in the rapidly approaching post-war period, management and labor are going to have to get down to cases. The seven principles that make up the so-called charter are generalities on which there is already wide agreement. What the people of America want to know is what is going to be done about making them work. This is a job for the Congress, with labor and management furnishing all the practical help that is within their power.

"Furthermore, we must not forget that labor and management are not the only parties involved. All consumers — farmers, housewives, professional people — the whole public are the ones who pay the price. They must have their interests recognized."

In a press conference, Mr. Johnston said that Mr. Mosher had attended one meeting on the plan, but had not responded to two other invitations to conferences, and to this statement, Mr. Mosher has replied "that he was confronted on short notice with ready made proposals."

The "charter" was highly praised by Henry J. Kaiser, prominent industrialist and shipbuilder, who called it a clearcut document, "very heartening and encouraging at this time."

Following the drafting of the "code," a joint letter was sent to President Roosevelt by Messrs. Murray, Green and Johnston, announcing the principles adopted.

"For the first time in the history of our country," the letter stated, "representatives of management and labor have worked out a code of principles which they are prepared to recommend to their respective organizations. We realize that it will have to be improved from time to time to meet practical situations.

"As you will see in the attached copy of this code of principles, we agree to establish a national committee to effectuate the dual objective of cooperation in industry and national prosperity. It is our hope that eventually this committee will include not only management and labor but other segments of our national life.

"The very act of the drafting of this charter is proof positive that free Americans, acting on their own initiative, can unite for peace as well as war. We wish to assure you that we will be happy to keep you advised of what progress we are making."

The President, in reply stated that he was "very pleased to learn of your plans to organize a committee of representatives of industry and organized labor to insure the continued close cooperation between labor and management to win the war and the peace.

"The close cooperation between labor and management during the war has made possible our great and unexcelled achievements in war production. That close cooperation must be continued to make possible the full employment of labor and capital under our system of free competitive enterprise when hostilities cease.

"I hope that you will press forward with your plans and report to me from time to time the progress achieved. I shall be happy to cooperate with you in every way possible."

7th War Loan to Prompt Sales to Individuals

Secretary of the Treasury Henry Morgenthau on March 20 made public the following letter in part which he has addressed to banking institutions throughout the country:

"The Treasury will open the Seventh War Loan Drive on May 14, 1945, with a goal of $14 billion. One of the primary objectives of this Drive will be the sale of $7 billion of Government securities to individuals. This is the largest quota that has ever been set for individuals in a War Loan Drive. As a part of the campaign to raise this amount, an intensive program for the sale of Series E bonds in the plants and factories of the country will begin on April 9.

"The Seventh War Loan will be a continuation of the Treasury's intensified war bond sales program. It is clear that Federal expenditures are going to remain at a high level for some time to come. It is also apparent that funds in the hands of non-bank investors will continue to increase sharply under present conditions. It is highly desirable to channel as much of these funds as possible into Government security investment, and to put them to work in the prosecution of the war.

"To the extent that this objective can be accomplished, the amount of money obtained from the commercial banking system can be reduced. The basket of securities selected for the Seventh War Loan Drive is designed to accomplish maximum investment of non-banking funds, and to hold indirect participation of commercial bank funds to a minimum. With this in mind, the following changes in the pattern and procedure followed in previous drives have been made:

(a) The corporation quota has been reduced from the $9 billion that was assigned in the Sixth Loan to $7 billion. This will reduce State and county quotas in proportion and will cut down excessive subscriptions previously entered for speculative or quota-making purposes.

(b) The basket of securities offered to corporations does not contain the 1½% bond that will be available to individuals during the Drive. It was in the corporate basket and on issues of this type that speculative subscriptions were entered in previous war loans, and substantial purchases of these issues were made with the proceeds of the sale of securities already owned.

(c) Non-bank investors have been requested to refrain from selling securities now owned solely for the purpose of obtaining funds with which to subscribe for the securities offered in the Seventh War Loan Drive. This request is not intended to preclude normal portfolio adjustments.

"I earnestly request your cooperation in the coming drive, (1) in declining to make loans for the speculative purchase of Government securities; (2) in declining to accept subscriptions from your customers which appear to be entered for speculative purposes; and (3) in declining to make loans for the purpose of acquiring the Drive securities later for your own account. If you have any doubt as to the propriety of accepting a subscription for a marketable issue presented through your bank, please submit the circumstances and all available information to the Federal Reserve Bank of your District. That bank, in its capacity as fiscal agent of the United States, will advise you as to the disposition to be made of the subscription.

"I further request your cooperation in declining to purchase outstanding securities from non-bank investors on the understanding or condition that a subscription for a substantially like amount of Treasury securities offered during the Drive will be made through your bank with payment to be made through the War Loan Account."

Previous information concerning the Seventh War Loan Drive appeared in the "Chronicle" of March 15, page 1192.

Redeem Argentine Bonds

Holders of Argentine Republic Ten Year Sinking Fund External Loan 4½% Bonds, due November 1, 1948 are being notified that $1,311,000 principal amount of the bonds have been drawn for redemption on May 1, 1945 out of moneys in the sinking fund. Upon presentation and surrender on the redemption date at the office of J. P. Morgan & Co. Incorporated, New York, or at the principal office of The National City Bank of New York, or at the principal office of The First National Bank of Boston, payment will be made of the principal amount of the bonds. Interest on the drawn bonds will cease on the redemption date.

On March 27, 1945, $198,500 principal amount of the bonds previously called for redemption had not been presented for payment.

Swedish Bonds Called

Holders of Kingdom of Sweden 3½% State Loan Bonds of November 1, 1933 are being notified that these Bonds have been called for redemption on July 1, 1945 at 100% and accrued interest, and that from and after the redemption date, interest on the bonds shall cease. The bonds, with November 1, 1945 and subsequent coupons attached, may be presented on the redemption date at The National City Bank of New York, 55 Wall Street, New York City.

Reports of 1942 Income Tax Returns

Treasury's Statement Shows Over 20½ Million Individual Returns With Total Net Income of Almost 79 Billions. Total Tax Liability Was Approximately $9 Billions or 128% Increase Over 1941.

Secretary of the Treasury Morgenthau on March 31 made public data from "Statistics of Income for 1942, Part 1," compiled from individual income tax returns and taxable fiduciary income tax returns. These data are prepared from the returns for the income year 1942, under the direction of Commissioner of Internal Revenue Joseph D. Nunan, Jr.

The total number of returns filed for the income year 1942 is 36,700,729 an increase of 10,745,928, or 41% over the number filed for the income year 1941. The returns for 1942 comprise 20,513,207 individual returns, Form 1040, an increase of 31%; 16,106,039 optional returns, Form 1040A, for individuals with certain gross income of $3,000 or less, an increase of 57%; and 81,483 taxable fiduciary returns, Form 1041, a decrease of 4%.

The total net income reported is $78,889,361,656, a net increase of $20,021,336,262, or 34% over the previous year. Included in the net income is $25,715,974,137 gross income reported on Form 1040A which does not provide for reporting the amount of net income. Nearly 64% of the total net increase in net income is accounted for in the income classes under $3,000.

Taxable returns for 1942 number 27,718,534 and show a net income of $67,060,861,503, thereby reflecting increases of 58% in number and 46% in net income as compared with 1941.

The number of nontaxable returns for 1942 is 8,982,195 of which 8,819,059 show net income of $11,828,500,153 (nontaxable because exemptions and credits exceed net income) and 163,136 show a deficit of $198,598,196. The net income reported on nontaxable returns is 9% less than last year although the number of nontaxable returns with net income increased by 7%.

The total tax liability for 1942 is $8,926,711,923, an increase of $5,018,760,922 or 128% over 1941. The tax increase results from the increased normal and surtax rates, the lowered personal exemptions, the increase in the number of returns filed, and also from the generally higher incomes received by taxpayers. The alternative tax decreased because it is no longer applicable when there is a net loss from sales of capital assets.

The average tax for the taxable returns is $322 as compared with $222 for 1941 and the effective tax rate is 13.3% as compared with 8.5% for 1941.

The amount and percent of increase or decrease in number of returns, net income, deficit, and taxes for 1942 over 1941 are as follows:

Individual returns and taxable fiduciary returns, 1942 and 1941: Number of returns, net income, deficit and taxes

(Money figures in thousands of dollars)

	1942	1941	Increase or Decrease (—) Number	Increase or Decrease (—) Percent
Total individual and taxable fiduciary returns:				
Number of returns	36,700,729	25,954,801	10,745,928	41.40
*Net income	78,889,362	58,868,025	20,021,336	34.01
†Deficit	198,598	292,023	—93,424	—31.99
‡Total tax	8,926,712	3,907,951	5,018,761	128.42
Taxable individual and fiduciary returns:				
With net income:				
Number of returns	27,718,534	17,587,471	10,131,063	57.60
*Net income	67,060,862	45,902,884	21,157,978	46.09
‡Tax	8,926,712	3,905,625	5,021,087	128.56
Normal tax	1,445,042	556,019	889,023	159.89
Surtax	5,720,130	1,927,715	3,792,415	196.73
Alternative tax	§443,593	1,092,261	—648,668	—59.39
Defense tax	------	1,150	—1,150	----
Optional tax	1,317,947	328,479	989,468	301.23
With no net income (individual returns:				
Number of returns	------	297	—297	----
Deficit	------	7,573	—7,573	----
Alternative tax	------	2,326	—2,326	----
Nontaxable individual returns:				
¶With net income:				
Number of returns	8,819,059	8,267,502	551,557	6.67
Net income	11,828,500	12,965,141	—1,136,641	—8.77
†With no net income:				
Number of returns	163,136	99,531	63,605	63.90
Deficit	198,598	284,449	—85,851	—30.18

*Net income is the sum of (1) net income on Form 1040A, and (3) in tables including fiduciary returns, Form 1041, the net income taxable to the fiduciary.

†Returns with no net income (deficit) are those wherein total deductions equal or exceed total income. For 1942, these data are based on a sample and not on a complete tabulation as in prior years.

‡Total tax is the aggregate of normal tax, surtax, alternative tax, and the optional tax on Form 1040A, paid in lieu of normal tax and surtax.

§The alternative tax is reported on returns showing an excess of net long-term capital gain over net short-term capital loss, but only if such tax is less than the combined normal tax and surtax computed on net income which includes the net gain from sales or exchanges of capital assets. For 1942, the alternative tax is the sum of a partial tax (normal tax and surtax) computed on net income reduced for this purpose by the excess of net long-term capital gain over the net short-term capital loss, and 50% of such excess.

¶Nontaxable returns with net income on which personal exemption, credit for dependents, and earned income credit exceed net income.

Among the changes in the Internal Revenue Code as amended by the Revenue Act of 1942, which affect the comparability of the income and tax data for individual and fiduciary returns with taxable years beginning on or after January 1, 1942, with data for the previous year are:

(a) The minimum amount of gross income for which a return is required to be filed is reduced from $1,500 to $1,200 for a married person living with husband or wife for the entire taxable year and from $750 to $500 for a single person, a married person not living with husband or wife for any part of the taxable year, an estate, and a trust.

(b) The personal exemption is reduced from $1,500 to $1,200 for a person who, during the entire year, was head of a family, or was married and living with husband or wife; and from $750 to $500 for a single person, a married person not living with husband or wife any part of the taxable year, and an estate. The credit on Form 1040, for a dependent is reduced from $400 to $350.

(c) The normal tax rate is increased from 4% to 6%, and the surtax rate of 6% of the first $2,000 of surtax net income, progressing to 77% of surtax net income in excess of $5,000,000, is increased to 13% of the first $2,000 of surtax net income, progressing to 82% of surtax net income in excess of $200,000.

(d) The optional return, Form 1040A, is no longer permitted to be used by a taxpayer receiving rent and royalty income. The deduction on Form 1040A, for a dependent is reduced from $400 to $385 and the marital status is determined as of July 1, instead of the last day of the taxable year. The optional tax is increased to reflect the changes in rates for normal tax and surtax.

(e) Personnel below the grade of commissioned officer in the military or naval forces of the United States, exclude from gross income salary received for active service in such forces to the extent of $250 if single and not the head of a family, or $300 if married or the head of a family. The filing of returns is automatically postponed for all members of the military or naval forces serving outside the continental United States.

(f) Amortizable bond premium is a deduction against interest received; and medical expenses paid during the taxable year not compensated for by insurance or otherwise are allowed as a deduction from gross income to the extent that such expenses exceed 5% of net income computed without regard to the medical expense. However, the medical expense deduction is limited to $2,500 in the case of husband and wife who file a joint return, or the head of a family, and to $1,250 for all other individuals.

(g) Real estate used in trade or business is removed from the definition of capital assets. The meaning of short-term is changed from 18 months or less to 6 months or less and that of long-term from more than 18 months to more than 6 months. Only 50% of the gain or loss recognized upon the sales or exchanges of capital assets held more than 6 months is taken into account in computing net income; formerly, 66⅔% of the gain or loss from sales of capital assets held more than 18 months but not more than 24 months, and 50% of the gain or loss from such sales held more than 24 months, were taken into account. Losses from sales or exchanges of capital assets are allowed as a deduction only to the extent of the gains from such sales or exchanges, plus the net income computed without regard to such gains or losses, or $1,000, whichever is smaller. Formerly, the short-term capital loss was allowed only to the extent of short-term gain; and long-term capital loss was allowed to the extent of long-term capital gain and to the extent of other income which included the net short-term capital gain.

(h) In the computation of alternative tax, the rate applicable to long-term gains from sales or exchanges of capital assets is changed from 30% of the net long-term capital gain to 50% of the excess of net long-term gain over net short-term capital loss. There is no alternative tax in the case of a net loss from sales or exchanges of capital assets, but the deduction for such a net loss is limited as described in (g) above.

The returns included in this report are returns for the calendar year 1942, a fiscal year ending within the period July 1942 through June 1943, and a part year with the greater part of the accounting period in 1942. Returns for which statistics are tabulated are Forms 1040, 1040A, 1040B, and 1041. Tentative returns and amended returns are excluded. Statistics are taken from the returns as filed by the taxpayer, prior to revisions that may be made as a result of audit by the Bureau of Internal Revenue.

Data for individual returns, Form 1040, with net income of $5,000 and over, and for taxable fiduciary returns regardless of the amount of net income, are completely tabulated from each return. This procedure is followed also with respect to individual returns, Form 1040, with net income under $5,000 where business receipts equal or exceed $25,000, while the data for the remainder of such returns and for individual returns, Form 1040A, as well as individual returns, Forms 1040, with no net income are estimated from samples.

The optional return, Form 1040A, which may be filed by an individual whose gross income is not more than $3,000 and is wholly from salary, wages, dividends, interest, and annuities, does not provide for reporting the amount of net income, therefore such returns are not distributed by net income classes. The gross income is tabulated both as total income and net income. The personal exemption shown in the tables is determined from the taxpayer's status as indicated on the return and the earned income credit shown is estimated at 9.4% of the gross income.

The net income used for tabulation and classification of the fiduciary returns is the net income taxable to the fiduciary, that is, after deducting the amount distributable to beneficiaries.

Income from the various sources is the excess of gross receipts over deductions as reported in the schedules on the returns, and the aggregate tabulated for each source is the sum of the net amounts of income from that source, except that income tabulated from the optional returns, Form 1040A, is gross income. Negative amounts reported under income on Forms 1040 and 1041, are transferred in tabulation to deductions, and are included in the amounts tabulated for a specified deduction or in other deductions.

Industrial Activity Increased Slightly in February Fed. Reserve Board Reports

According to a summary of general business and financial conditions in the United States, based upon statistics for February and the first half of March, issued March 26 by the Board of Governors of the Federal Reserve System, "industrial activity continued to increase slightly in February and the early part of March. Value of department store sales was one-fifth greater than in the same period last year. Wholesale commodity prices generally showed little change." The Board's report went on to say:

Industrial Production

"The Board's seasonally adjusted index of industrial production was 235% of the 1935-39 average in February, as compared with 234 in January and 232 in the last quarter of 1944.

"Steel production, which declined further in the first part of February as a result of continued severe weather conditions, showed a substantial increase at the end of the month and in the first three weeks of March. Average output of open hearth steel during February was 2% above the Janury rate, while electric steel production increased 7%. Output of nonferrous metals continued to rise slightly in February, largely reflecting increased military demands. Activity in the machinery and transportation equipment industries was maintained at the level of the preceding month; a decline in shipbuilding offset a slight increase in output of most other munitions industries. Production of lumber and stone, clay, and glass products in February was at about the January level.

"Production of most nondurable goods showed little change in February. Output of cotton goods and shoes, however, rose 5% from the preceding month to a level slightly above that of a year ago. Output of explosives and small-arms ammunition showed further large gains. Activity at meat-packing establishments continued to decline, as pork and lard production dropped further and was 50% below the peak level reached a year ago. In March it was announced that supplies of meat available for civilians in the second quarter of 1945 would be 12% less than in the first quarter. Activity in rubber products industries in January and February was 6% above last autumn, reflecting chiefly a sharp increase in production of military truck tires.

"Minerals output rose slightly in February, reflecting increased output of anthracite and a further gain in crude petroleum production. Anthracite production recovered in February and the first two weeks of March from a large decline during January. Bituminous coal production showed little change in February from the January level and declined slightly in the early part of March.

Distribution

"Department store sales in February, which usually show little change from January, increased considerably this year. Value of sales in February and the first half of March was 22% larger than in the corresponding period a year ago, reflecting the earlier date of Easter this year and continuation of the freer spending in evidence since the middle of 1944.

"Freight carloadings, which had declined at the end of January and the early part of February owing to severe weather conditions, have increased since that time. Shipments of miscellaneous freight were in larger volume in the 5-week period ending March 17 than in the corresponding period of 1944, while loadings of most other classes of freight were less.

Bank Credit

"Treasury expenditures during February and the first half of March continued to increase the total volume of deposits and currency held by the public. Adjusted demand deposits at weekly reporting banks in 101 cities increased 1.4 billion dollars and time deposits rose about 200 million dollars during the four-week period ended March 14. Currency in circulation increased 350 million dollars over the same period, but declined somewhat in the week following. To meet the resulting increase in required reserves as well as the currency drain, Federal Reserve Bank holdings of the United States Government securities increased 395 million dollars in the four weeks ended March 14, while reductions in non-member and in Treasury deposits at the Reserve Banks supplied 450 millions of reserve funds to member banks. Excess reserves have remained at an average level of about a billion dollars.

"The increase in Federal Reserve holdings of Government securities roughly paralleled the decline in commercial bank holdings. Reporting banks reduced their portfolios by 260 million dollars in the four weeks. Holdings of Treasury notes declined by 1.7 billion dollars while certificate holdings increased by 1.4 billion dollars, reflecting the March 1 Treasury exchange offer. Bill holdings were reduced by 210 million dollars. Bond holdings, however, continued to increase. Total loans for purchasing and carrying Government securities declined by 230 million dollars and commercial loans by 185 million."

War Dept. Appropriations

President Roosevelt on April 2 signed a bill appropriating $112,450,940 to finance War Department civil functions for the year starting July 1, Associated Press advices from Washington reported on April 2. The bill which passed the Senate on March 21 carries $44.508.000 for rivers and harbors, $24,172,000 for general flood control, $30,000,000 for flood control on the tributaries of the Mississippi and $2,050,000 for flood control on the Sacramento River, California.

SEC Reports on Individual Savings in 1944

Liquid Savings Estimated at $40 Billions, Accounted for Mostly by Cash, Bank Deposits and Government Bonds.

The public's latent purchasing power in the form of liquid saving increased by the unprecedented sum of $40 billion during the year 1944, the Securities and Exchange Commission reported in releasing its quarterly analysis of the volume and composition of saving by individuals in the United States.[*] This rate of saving was ten times as large as that of 1940, the latest full year prior to our entry into the War. Since the beginning of the war production program in 1940, the liquid resources of American individuals have increased approximately $120 billion. The proportion of income saved increased rapidly up to the middle of 1942 but has remained relatively constant since that time.

Cash and deposits and U. S. Government securities have accounted for the greater part of current saving during the War period. For the past two and one-half years individuals have been saving close to 25% of their income after taxes in these two forms. At the time of our entry into the war at the end of 1941, accumulated saving in cash and deposits and U. S. Government securities was already at the highest point in history. In the comparatively short period since that time, such accumulated saving has shown an increase of 125%. As of Dec. 31, 1944, individuals' holdings of cash and deposits and U. S. Government securities amounted to the extremely large totals of $95 billion and $53 billion, respectively. Of the total of cash and deposits $22 billion was in currency, $39 billion in time deposits, and $34 billion in demand deposits. Individuals' holdings of U. S. Government securities were mainly concentrated in U. S. savings bonds, amounting to $29 billion in Series A-E bonds and $8 billion in F and G bonds, with other U. S. Government securities accounting for $16 billion.

During 1944 individuals added $17.0 billion to their currency and bank deposits, $15.5 billion to their holdings of U. S. Government bonds, $4.4 billion to their equity in Government insurance, $3.3 billion to their equity in private insurance, mostly life insurance, and $900 million to their investment in savings and loan associations. At the same time individuals increased their consumer indebtedness by $300 million and reduced their holdings of securities other than U. S. Government by $700 million.

The composition of saving in 1944 was similar to that in the preceding year. Cash on hand and in banks was again the largest component of individuals' saving, with U. S. Government securities a close second. The substantial growth in individuals' cash and deposits during 1944 reflected a very large increase in time and savings deposits amounting to an all-time high of roughly $7.1 billion as contrasted to a rise of $4.4 billion in 1943. On the other hand, the $4.7 billion increase in currency and the $5.2 billion rise in demand deposits in 1944, though large, were actually somewhat smaller than the comparable figures for 1943. The increase in U. S. Governments reflected a $11.8 billion increase in U. S. savings bonds, and a $3.7 billion increase in other U. S. Government securities. Both of these figures were moderately above the 1943 level.

One of the more significant developments in the composition of individuals' saving in 1944 was the increase in consumer indebtedness other than mortgages, amounting to $300 million.[†] This may be compared with the reduction in consumer indebtedness of $1.0 billion in 1943 and $2.9 billion in 1942. This change from repayment of old debt to incurrence of new debt reflects the fact that the bulk of installment debt previously incurred for the purchase of automobiles and other durable consumers' goods has already been paid off.

As in prior years, the growth in insurance and pension reserves formed an importnt part of total saving. The increase in individuals' equity in private insurance in 1944, amounting to $3.3 billion, was $200 million higher than in 1943, while the increase in Government insurance, amounting to $4.4 billion, was $600 million higher than in the previous year. The increase in Government insurance in 1944 reflected a marked rise in the National Service Life Insurance Fund, amounting to $1.0 billion, as well as a record $2.7 billion increase in Social Security funds, and $600 million increase in various Civil Service and Railway retirement funds.

Of the remaining components of individuals' saving in 1944, only the extremely large increase in investment in savings and loan associations, amounting to $900 million, and the fairly considerable decline in securities other than U. S. Government, amounting to $700 million, were particularly important. The decrease in individuals' holdings of securities other than U. S. Government was due to a variety of factors including declines in outstanding corporate, foreign, quasi-Government, and municipal issues and an increase in loans for the purpose of purchasing or carrying such securities.

The pattern of individuals' saving in the fourth quarter of 1944 was not much different from saving in previous quarters. Total liquid saving in this final quarter, amounting to $11.8 billion, was at a new high, reflecting the higher level of income after taxes.[‡] In the fourth quarter of 1944 individuals' added $5.4 billion to their cash and deposits and made net purchases of $4.5 billion of U. S. Government bonds, in large part a result of the Sixth War Loan Drive. This may be compared with the third quarter when individuals increased their cash and deposits by $6.2 billion and their holdings of U. S. Government bonds by $2.2 billion. Individuals' indebtedness arising from the purchase of consumer goods rose by $400 million in the fourth quarter, the largest such increase since the beginning of the War.

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[*] In this analysis individuals' saving includes unincorporated business saving of types specified in the attached table. Corporate and Government saving are not included. The change in individuals' equity in Government insurance is, however, considered as part of individuals' saving.

[†] This does not include the change in consumer's indebtedness to unincorporated business, which is estimated to have increased by close to $100 million in 1944 contrasted with a $200 million decline in 1943.

[‡] A considerable part of the increase in such income from the preceding quarter was attributable to the postponement of fourth quarter income tax payments to January, 1945.

Irish Free State Bonds In Amount of $14,000 Called

Holders of Irish Free State (Saorstat Eireann) external sinking fund 5% gold bonds, due November 1, 1960, are being notified that $14,000 principal amount of these bonds outstanding have been called for redemption through the sinking fund on May 1, 1945, at par. Payment may be obtained at the head office of the National City Bank of New York, American Fiscal Agent, 55 Wall Street, New York.

N Y Factory Employment Drops Again in February

Employment in aircraft, shipbuilding, and ordnance plants in New York State dropped sharply in February, accounting for more than one-third of the total loss in factory employment. Civilian goods industries also reported decreases in employment, notably food, textiles, chemicals and many branches of the apparel group. Industrial Commissioner Edward Corsi announced Mar. 19 that manufacturing employment dropped 0.5% between January and February. The advices also stated:

Payrolls declined 0.3%. Outside New York City, the net drop in payrolls was 1.5%. In New York City, however, there was a net rise in payrolls due mainly to gains in most of the apparel industries but partly also to a sharp increase at one war plant.

Compared with February of last year, employment was 8.9% lower while payrolls were 3.4% smaller. Average weekly earnings were $50.06 in February, $50.07 in the previous month, and $47.26 in February 1944. These figures are based on preliminary tabulations of reports from 2,824 factories throughout the State, collected and analyzed by the Division of Research and Statistics under the direction of Meredith B. Givens.

From the Commissioner's advices we also quote:

Further layoffs in aircraft and ordnance plants in February were accompanied by heavy losses in payrolls and hours. For the metals and machinery group as a whole, employment decreased 0.4% while payrolls dropped 1.4%. Employment losses in shipyards were accompanied by higher payrolls because of increased activity at one plant and premium rates paid to men who worked on February 12.

Additional workers were hired in the machinery, electrical equipment, and non-ferrous metals industries. Many steel mills also reported increases.

Industries in the apparel group which normally report seasonal expansion in the month of February are men's tailoring and neckwear, women's dresses, suits and coats, millinery and children's wear. While payrolls were higher in all of these branches, employment dropped in the men's clothing and women's dress industries. Declines in both employment and payrolls occurred in fur goods, accessories, and fabricated textile products. For the apparel group as a whole, employment decreased 0.7%, while payrolls advanced 3.4%.

In the food group, meat packers reported a sharp cut in payrolls with a smaller reduction in employment. Beverage industries also reduced activity. Grain mills and sugar refineries reported increases in employment and payrolls. Every branch of the textile industry had fewer workers except hats, where employment remained at the January level. In the printing industry, newspapers and periodicals reported a moderate decrease in employment which was partially offset by gains in book and job printing. Payrolls, however, dropped 3.3% because many firms were closed on Feb. 12.

In New York City employment decreased 0.7% while payrolls rose 1.5%. The men's clothing and women's dress industries reported losses in employment although seasonal gains are usually expected in February. The declines in these industries were largely responsible for a 0.8% decrease for the apparel group as a whole.

The metals and machinery firms in New York City reduced employment 0.6% but payrolls were 2.3% higher. In the transportation equipment industry heavy employment losses in shipbuilding were partially offset by gains in aircraft. Employment in most of the other war industries changed very little.

Bulk of United Nations Have Agreed to Attend San Francisco Security Conference

France Will Send Delegates, as Well as Syria and Lebanon. Nations Attending May Reach 48. Argentina and Poland Not Yet Invited. Russia and United States Each Ask Three Votes in the International Assembly.

Thirty-seven governments have formally accepted the invitation to send representatives to the Conference of the United Nations on International Organization at San Francisco on April 25, the State Department announced on March 30. According to a Washngton despatch of that day to the New York "Times," the Department also disclosed that Syria and Lebanon, at the suggestion of France, were invited to attend. These countries were under French mandate before the present war but have been given a more independent status since.

The State Department, together with the British Foreign Office, has refused the Russian request that the Lublin-installed Polish Government be invited to attend, holding that in accordance with the Yalta Agreement the rival Polish provisional governments should first come to an agreement in establishing a new regime. Argentina, which recently declared war on the Axis powers, also has not yet been invited to send delegates.

In addition to the delegations already named by Great Britain, New Zealand and Belgium, as reported in last week's "Chronicle," delegations have been named by Australia, Czechoslovakia, Egypt and the Union of South Africa. Russia has announced that Foreign Commissar Molotoff will not attend the Conference and that its delegation will be headed by the present Russian Ambassador to the United States, Andrei A. Gromyko.

The Australian delegation will comprise Francis Michael Forde, Deputy Prime Minister, and Herbert Vere Evatt, Minister for External Affairs, who will be accompanied by Sir Frederic Eggleston, Minister in Washington; Lieut. Gen. Sir John Lavarack, head of the Australian Military Mission in the United States; Air Marshal Richard Williams, head of the Australian Air Mission; Comdr. S. H. K. Spurgeon, Naval Attache, and P. E. Coleman, Assistant Secretary of the Department of Defense, and by Senator George McLeay, Liberal Party; Senator R. H. Nash, Labor Party; J. McEwen, Country Party; R. J. Pollard, Labor Party; H. A. M. Campbell, editor of "The Age" newspaper; J. F. Walsh, Federal President of the Australian Labor Party; C. D. A. Odberg, President of the Australian Council of Employers Federation; Dr. Roland Wilson, Secretary, Department of Labor and National Services; W. McMahon Ball, head of the Department of Political Science, University of Melbourne; E. V. Raymont, General Secretary, Returned Soldiers and Sailors Association, and Mrs. Jessie Street, leading member of the Australian Women's Organization, as assistants to the delegation.

The Czechoslovak delegation will consist of Dr. Jan Masaryk, Foreign Minister. John Sophianopoulos, Foreign Minister, will head the Greek delegation. The Indian delegation will be composed of Sir Ramaswami Mudaliar, Sir Firoz Khan Noon, Sir V. T. Krishnamachari, K. P. S. Menon, Secretary; Capt. T. E. Brownsdon, Deputy Secretary, and John Bartley, legal adviser. Amir Faisal, Viceroy of the Hejaz and Foreign Minister, will head the Saudi Arabian delegation.

The head of the Union of South Africa delegates will be Field Marshal Jan Christiaan Smuts. The Union's Minister in Washington, Dr. S. F. N. Gie, will be a co-delegate.

Prime Minister Mahmoud Fahmy El-Nokrashy Pasha will lead the Egyptian delegation. He will be assisted by the Minister for Foreign Affairs, Abdel Hamid Badawi Pasha, and by Mohamed Hussein Heikal Pasha, President of the Senate; Ismail Sedky Pasha, ex-Prime Minister; Abdel Fattah Yehia Pasha, ex-Prime Minister; Makram Ebeid Pasha, Minister of Finance; Hafez Ramadan Pasha, Minister of Justice; Wassef Boutros Ghali Pasha, ex-Minister of Foreign Affairs; Aly El-Chamsy Pasha, Director of the National Bank, and Hafez Afifi Pasha, Director of the Bank Misr.

The Vote Question

It was disclosed on March 29 that, as a result of a secret agreement at the Yalta Conference, Russia and the United States will ask three votes each in the Assembly of the projected Security Organization as an offset to the six votes which will be controlled by the British Commonwealth of Nations.

According to a correspondent of the New York "Herald Tribune," Senator Arthur H. Vandenberg, who is a delegate to the San Francisco Conference, "angrily lined up strongly" against the proposal, but it was supported by Congressman Sol Bloom, Chairman of the House Committee on Foreign Affairs, and also a delegate to the Conference. Mr. Vandenberg is reported to have stated:

"I would deeply disagree with any voting proposal, if made, which would destroy the promised 'sovereign equality' of nations in the peace league's assembly as previously proposed at Dumbarton Oaks. This applies to extra votes for us just as much as to extra votes for any one else. This Assembly must continue to be tomorrow's free and untrammeled 'town meeting of the world.' The voice of the great powers will be amply protected in the Council."

In taking an opposite stand, Representative Bloom made the following comment:

"Great Britain would have six votes, including herself, Australia, Canada, India, New Zealand and the Union of South Arica. This arrangement would make it, then, three for Russia, three for us and six for Great Britain. I think it should be six, six and six. We ought to have as big a representation as any one else. In general, we are entitled to get what is proposed in the understanding, and I can't see any reason why it shouldn't be done. If a fellow offered you a million dollars, what would you say?"

Secretary of State Edward R. Stettinius, in his press conference on March 29, stated that the secret pact on the voting quota would not endanger the success of the United Nations Conference, but he refused to go further in an amplification of the statement.

L. K. Garrison Named to WLB

Lloyd K. Garrison, on March 24 was named Vice-Chairman of the War Labor Board, succeeding George W. Taylor, who was recently advanced to Chairman of the Board.

Washington United Press advices in reporting this said:

Mr. Garrison, who is on leave from his post as dean of Wisconsin law school, joined the board in 1942 as general counsel, and was one of the public members of the board at the time of his appointment.

Byrnes Reports on War Production and Reconversion

(Continued from first page)

ments of availability and increased efforts to divert workers to higher priority jobs. Procedures have been developed to reduce the extent of contracts in effect in tight labor areas.

The employment ceiling program has been pushed. However, the necessary resort to cumbersome procedures in applying the indirect sanctions available to Government prevents this program from being effective promptly in placing workers where needed.

More Manpower Needed

Turnover continues excessive.

It is clear that we do not have a comprehensive, efficient manpower system.

Without such a system, production agencies cannot meet their responsibilities. The need for manpower legislation continues. Controls are necessary not only for war production but also for the production of essential civilian goods; and later, to facilitate reconversion.

In the field of governmental organization, the report refers to the requirement in the War Mobilization and Reconversion Act for a report on the reorganization and consolidation of agencies in the manpower field. It recognizes the need but states that specific recommendations will not be submitted until after Germany is defeated. Any reorganization in this field now would divert from the war effort.

Consolidation of Government Agencies

The need for the consolidation of Government agancies is recognized. The report recommends that the President be authorized, in addition to the powers he now has under the Second War Powers Act, to consolidate and transfer Government agencies as war functions decrease. Such consolidation and transfers would be permanent unless disapproved by Congress within thirty days after they are made.

The report points out that 45 per cent of our total productive output in 1944 was for war. To obtain this proportion, essential civilian programs were reduced to a level which demands an even more delicate balancing of military needs against those requirements which must be met if we are not to impair our war effort.

The Office of War Mobilization and Reconversion has required continuing reviews to be made of all military procurement programs to maintain this balance. In February, 1944, the Secretary of War announced that such reviews had reduced military procurement programs by $12,800,000,000.

Recently the director, after conference with the commander of the fleet, in the absence of the Secretary of the Navy, and with the approval of the President, took steps to stop the construction of seventy-two naval vessels which did not appear absolutely essential to the prosecution of the war against Japan and were being constructed as an insurance measure.

The director has also stopped the proposed construction of 142 additional Liberty ships and certain high octane gasoline plants which would not come into production until well in 1946. As a result of the reduction of the high octane program, he has requested the cancellation of orders for forty tankers. The Joint Chiefs of Staff have been asked to fix an earlier date than presently used beyond which it will be unnecessary to create new production for a two-front war.

At the request of the director the Army Service Forces have made a careful review of their requirements for the war against Japan. Reduction in deliveries of finished munitions will be from 15 to 20 per cent in the first three months following V-E day and 40 per cent by the end of a twelve-month period.

The Army proposes to utilize all usable equipment in Europe in the Pacific. This equipment must be repackaged and recrated. While plans have been made to expedite this movement, deliveries from the United States will be needed to support operations in the Pacific until the pipeline from Europe to the Pacific has been filled. Then the need for deliveries from United States production will decrease rapidly.

Reconversion Policies

The report emphasizes the actions which have been taken to coordinate the activities of the several Government agencies having reconversion responsibilities.

When Germany is defeated, our total release of resources from munitions production will be about 20 percent in the first quarter, an additional 5 per cent in the second quarter and still another 5 percent in the third quarter.

Unemployment problems following the defeat of Germany will be temporary in nature. The tremendous backlog of civilian demand, with savings, including war bond holdings, at a total of 140 billion dollars, should quickly provide employment.

The temptation to embark in large public works and other programs designed to provide employment in this period must be resisted, as these programs would interfere with war production and reconversion.

The report points out that production controls must be released as promptly as possible to encourage private enterprise to reconvert with maximum dispatch. The War Production Board plans to relax controls, first through the increased use of "spot" authorizations, secondly through the discontinuance of the Controlled Materials Plan at an early date with the substitution of a simple priorities plan, and thirdly the "open-ending" of CMP while it is continued.

Limitation orders will be released except as required by continuing shortages such as in textiles, paper and pulp, lumber, leather, containers and chemicals. The War Production Board is prepared to take prompt actions to prevent the building of excess inventories and to protect small business. War Manpower Commission controls will be continued in all tight labor areas.

More Attention to Economy

When Germany is defeated we must devote more attention to economy in government. The report states:

"What is necessary to win the war we will do, and as a Christian, humane people, we will gladly do our part to relieve suffering and distress in a war-torn world. However, we must give consideration also to the people who will pay the bills."

The report reviews the basic machinery for partial reconversion on V-E day. It points out that a sound policy governing the placing of cutbacks is now in effect, that experienced personnel is available to settle contracts rapidly and that contractors have also provided trained staffs for this purpose. War Department settlements in February required an average of only 3.4 months as compared with 4.2 months in December. The Navy cut its settlement time from 9.9 months to 6.4 months in the same period.

While the Surplus Property Board was not established until January, the procedure developed previously by the administrator enabled the responsible agencies to gain valuable experience. The Surplus Property Act is complicated to administer. However, more experience is necessary under the act before specific recommendations can be made to the Congress for its modification.

Much attention has been given to making space available for the quick storage of termination inventory and 15,000,000 square feet will be ready by June in fifty-six centers to meet emergency requirements.

The report points out that the sale of war plants is desirable even before these plants have become surplus if they are to be converted to civilian production quickly. The director has asked the Department of Justice to work with the Surplus Property Board and the Reconstruction Finance Corporation to develop procedures for giving an opinion on such proposed sales under the anti-trust laws. The director recommends that the Surplus Property Board be removed from the direct supervision of the Office of War Mobilization and Reconversion.

Continuation of Price Controls

In discussing economic stabilization, the report emphasizes the necessity for continuing price, wage and rationing controls after V-E Day. So far, economic stabilization has kept the cost of living from rising excessively. In World War I it rose 62 per cent in fifty-two months, whereas in this war it has gone up only 29 per cent in sixty-six months.

The recommendation in the January report that Congress grant the War Labor Board statutory power to make its decisions enforceable is renewed.

The report states that the Director of Economic Stabilization and the Price Administrator have developed a program which is designed after Germany is defeated, to keep prices in check; to keep consumer buying power under control; to keep corporation earnings under control; to hold wages in check, and at the same time to establish prices on newly manufactured goods so as to facilitate reconversion.

Wage Adjustments

The Office of War Mobilization and Reconversion has asked that a special study be made to determine those industries in which hourly wage rates have increased substantially less than the cost of living and hence any sharp decline in hours worked per week would lower the standard of living. The purpose of this study is to determine the adjustments which can be made in these industries in the framework of stabilization policies.

Other than in such instances, we must wait until we know how much of our war productivity has been carried over into peacetime production before wage rates can be increased. Take-home pay in peace equal to take-home pay now being received must have as a foundation a volume of production and consumption of civilian goods equal to our present production and consumption.

The report points out the magnificent job being accomplished by our railroads. However, the tax on transportation will continue until Japan is defeated and unnecessary travel must still be avoided.

The Interagency Deferment Committee, at the suggestion of the Director, has granted a high percentage of deferments to men between 26 and 29 employed in transportation.

VE-Day will provide no immediate relief in either truck or passenger-car transportation. However, a small increase in the basic gasoline ration appears feasible.

Food Supply and Housing

The report points out that a decrease in food supply in the face of increasing demands makes our situation less favorable in 1945 than 1944. We will not eat as well. However, we will not be hungry and our diet will not be deficient. We must tighten our belts a little. At the same time, we must again call on our farmers for an all-out effort.

In this way we will be able to provide some relief for stricken areas throughout the world without weakening our own military effort and without impairing the health of our civilian population. A proposed reduction in the quantity or quality of the soldiers' ration has been disapproved by the Director.

In discussing construction and public works, the report recommends that private construction be permitted to go ahead before public construction unless the latter is required to support the war against Japan. Lumber will remain scarce for some months and will prevent large-scale production of private housing.

Local unemployment will develop pressure for large public works programs. These should be resisted until Japan is defeated. There is a backlog of $4,500,000,000 in authorized Federal projects and a total backlog, including private projects, which will reach $7,000,000,000. The governmental construction agencies should be given funds to prepare plans and specifications in sufficient detail to permit projects being placed under construction rapidly following the defeat of Japan.

Private construction, particularly private housing, should progress rapidly when lumber becomes available. Our loan institutions are in excellent position to finance such a program and Federal authority is available to insure such loans in the amount of approximately $2,000,000,000.

Federal and State aided low-rent housing programs and rural housing should receive favorable consideration by the Congress.

The director also urges that the Federal Works Administration be provided with the $35,000,000 approved by the Senate for advance to local authorities to stimulate planning now for projects to be built when Japan is defeated.

Veterans' Reeemployment

The report points out the procedures established under the retraining and re-employment administration to aid veterans and released workers. Re-employment committeemen are available at each of 6,500 local draft boards to help veterans in obtaining their old jobs; 1,500 local offices of the USES are equipped to help veterans find jobs and 27,000 institutions have been approved to furnish education to veterans. Adequate hospital facilities are being provided. State unemployment compensation offices will furnish the veteran with readjustment allowances if he is unemployed. Arrangements have been made to facilitate loans provided for in the G. I. Bill.

The report points out that the section of the Selective Training and Service Act which provides re-employment rights for veterans requires clarification. A special committee appointed by General Hines is studying this problem. The report of this committee will be given full consideration and submitted to the Congress if further legislation appears to be necessary.

The war time facilities of the USES will be retained to find employment for displaced war workers. Provisions have been made for unemployment compensation to care for these war workers while temporarily unemployed. However, these provisions are inadequate. Previous recommendations for their broadening by the Congress are renewed with a note of urgency.

Position of Small Business

The section of the report on small business points out that small manufacturers should be able to reconvert more quickly than large manufacturers. The War Production Board will see that small business has adequate access to materials. The adoption by the Congress of the Wagner-Spence Bill to amend Section 13B, Federal Reserve Act, to stimulate loans to small business and the extension of the life of the Smaller War Plants Corporation to Dec. 31, 1946, are recommended.

The report reminds us that we will still be fighting a coalition war in the Pacific which must continue to receive lend-lease support. Some of our allies depend almost entirely on certain specific items of military equipment produced in this country. Moreover, they must continue to receive repairs and spare parts for the military equipment which has been furnished them in the past. The volume of lend-lease will decline rapidly, and in fact has already dropped 25 per cent since the Normandy invasion.

Rehabilitation and Foreign Trade

We must provide assistance in liberated countries. Stable Governments cannot develop where people are hungry. A strong world economy is essential to world peace and to a healthy economy at home.

When we assume controls in one or the other zones into which Germany is to be divided, the people of America will not desire to let the women and children under our care starve. Congress should consider at an early date the extent to which funds and aid will be made available for this purpose.

The committee set up to coordinate foreign shipments under the chairmanship of Administrator Crowley of the Foreign Economic Administration will develop a sensible balance sheet.

The report looks ahead after the defeat of Japan. It foresees a tremendous demand for materials for reconversion and to restore inventories of consumer goods in this country. There will also be a huge demand from abroad, where destroyed homes and factories must be rebuilt. Foreign trade is essential to our own post-war prosperity. Foreign countries have expanded their gold and dollar assets by more than $8,000,000,000 since 1940. However, their resources are not unlimited and we must be prepared to make loans to those countries where there is reasonable prospect of repayment.

The report recommends favorable consideration by Congress of a broad foreign policy, to include the extension and strengthening of the Trades Agreement Act; the establishment of the International Monetary Fund; approval for the establishment of the International Bank for Reconstruction and Development; the extension of the authority of the Export-Import Bank to finance our foreign trade, and the repeal of the Johnson Act, prohibiting loans to governments in default on their obligations to the United States. An active foreign trade is necessary if trade at home is to prosper.

Free Enterprise and Cartels

Production for this war has stimulated new developments in industry and trade. Free enterprise will have its opportunity in utilizing these developments in peace to prove it can provide full employment. Anti-trust laws must be enforced vigorously to prevent monopolies and to protect small producers. Vigorous steps must be taken to stop international cartels designed to maintain price structures at high levels.

The report points out the necessity for a tax structure designed to help business. It urges that the reports of the Joint Committee on Revenue, Taxation and the Treasury be presented to and receive the consideration of Congress at the earliest possible date.

Specifically, the Director renews his recommendations for the acceleration of depreciation allowances; to make available to corporations immediately after VE-Day a part of the post-war refund of their excess-profits tax and the corresponding reduction in the compulsory savings provisions in the excess-profits tax; and an increase in the exemption in this tax from the present $10,000 to $25,000.

In discussing agriculture, the report refers to the action which Congress has already taken to continue support prices for two years after the first Jan. 1 following the end of the war. It recommends that Congress authorize appropriate administrative agencies to make payments in lieu of support prices when it is determined that such prices are resulting in the accumulation of surpluses.

The enactment of legislation to bring about an orderly expansion of the present school lunch program so that all grade and high school children can participate within the next two or three years is recommended.

The report points out the need for soil conservation and urges that Congress give consideration to this problem. Several agencies within the Department of Agriculture are now authorized to undertake programs of assistance under specific and separate acts of Congress. One program would be better.

Expenditures After VE-Day

The report urges that the Government start reducing expenditures for administrative purposes as part of the process of readjustment as soon as Germany is defeated. It recommends that the Director of the Budget be given authority to determine those agencies in which cuts in administrative expenses may be made and the amounts to be covered back into the Treasury.

The Director of War Mobilization and Reconversion has had an unusual opportunity to become familiar with the operations of our War and Navy Departments. These operations have been conducted with a high degree of unity because of the outstanding character of military and naval leadership and its readiness to compromise and reach agreements in the common interest.

However, procurement supply programs under a unified system could have saved not only dollars but also manpower and materials. Therefore the report recommends that Congress should, at an early date, give consideration to legislation establishing a single department of national defense to become effective when Japan is defeated.

The report refers to the counsel received from the Advisory Board created under the act establishing the Office of War Mobilization and Reconversion and the benefits which have resulted to the Director in his associations with the Board.

In concluding the report, the Director states:

"I know that the American people will continue their full support of our war effort until the military might of both Germany and Japan has been utterly destroyed. They will recognize that the quickest way to ultimate victory lies in the use of overwhelming forces in the air, on the sea, and on the ground, until these forces are no longer capable of armed resistance."

He points out his confidence in the future because "America is still a land of opportunities where our system of free enterprise makes the most of each of these opportunities."

Newsprint Ceiling Raised

The manufacturers' ceiling price of newsprint was increased by $3 a ton by the Office of Price Administration on March 29. This boost in the price, which is effective immediately, was attributed to the increased costs in the production of pulpwood.

The OPA, in making the third price ceiling increase, since newsprint came under its control in March, 1942, said that this action would cost American newspaper publishers about $10,000,000 annually.

United Press Washington advices on March 29 in reporting this also said:

About 25% of the newsprint used in this country is produced in the United States, the remainder coming from Canada and Newfoundland.

Post-War Runaway Prices Feared

(Continued from first page)

kind of analysis of possible post-war developments to indicate the paramount necessity of maintaining wartime controls until we can be sure they are no longer needed. But in an over-all view the deflationary implications of our present situation may be more serious. The largest single fact about the post-war period is that there will be a huge decline in military expenditures. It will represent the greatest loss of market in our history. War expenditures will decline from some 80 billion dollars a year to perhaps 6 to 8 billion, and total Government expenditures (including State and local) will fall from over 100 billion dollars to perhaps 30 billion. Government deficits, now of the order of magnitude of 50 billion dollars a year, must be replaced, according to the ideas of many, by a balanced budget (or even by a surplus), while even those who stress the need of further Government expenditures to take the place of the present military program as a means of providing high employment, talk only of relatively modest deficits of perhaps 3 billion dollars a year. How to bring about such a change in Government finances and still provide jobs for all, or nearly all, will surely be one of our major post-war problems."

In duscussing post-war economic conditions, Mr. Sproul states that the "one important fact to bear in mind is that with the return to normal conditions it will not be necessary to maintain the wartime level of national income. A large part of what we now produce is not intended to serve any economic purpose, in the usual sense. By reconverting our resources to peacetime uses we can increase both our consumption and our capital equipment even though total production is declining; and by the resumption of a normal work-week and the voluntary withdrawal from employment of many women and old and young workers who would not normally be employed, we can considerably reduce the dimensions of the employment problem.

"But whether such adjustments, by themselves, will be adequate to solve the problem, particularly after the wave of deferred demand has run its course, seems doubtful. If we are to attain, for example, such a level of post-war national income as the full-employment estimate of 140 billion dollars so widely used in current discussions, we shall need to have not only a great increase of private investment but (what is far more important in terms of comparative magnitudes) an expansion of consumption by at least 40% beyond any level previously known in time of peace and substantially above the current (civilian) wartime level, which is the highest in our history. How this is to be brought about in ways consistent with the preservation of free enterprise, and what measures of cooperation between Government and business it will require are questions deserving the most intensive study."

In conclusion, Mr. Sproul observes that "no one wants to defer the final peace because the new problems it will bring will be hard, but it still seems probable that the war will end in two stages rather than abruptly. We should be able to take advantage of the interval between the end of the war in Europe and the end of the Pacific war not only to make a more orderly transition from a war to a peace economy but also to prepare ourselves for the much more fundamental long-run problems which appear to lie ahead."

N. Y. Stock Exchange Annual Financial Report Shows Net Profit of $673,758 in 1944

Emil Schram, President Indicates Second Successive Profit Year

In presenting to the members of the New York Stock Exchange the annual financial report of the exchange and affiliated companies, Emil Schram, President, said: "The operations of the exchange showed a net profit of $673,758 in 1944, compared with $676,508 in 1943. Although the total share volume on the exchange in 1944 was about 5% lower than in 1943, and although tax expense increased substantially, the net profit was maintained at the previous year's level, due, principally, to improvement in income. The exchange was thereby able to strengthen its cash position for the post-war period which lies ahead and to restore necessary reserves, depleted by the years of attrition and depression through which this business has passed."

The following table was included in Mr. Schram's report:

Net earnings for 1944 compare with the earnings and deficits since 1937 as follows:

Year	Consolidated Net Profit or Loss*	Year	Consolidated Net Profit or Loss*
1944	$673,758.93	1940	$981,348.37*
1943	676,508.89	1939	1,149,373.23*
1942	815,972.26*	1938	1,548,417.24*
1941	2,229,560.63*	1937	140,376.73*

Regarding the income and expenses of 1944 Mr. Schram said:

Income

"Total income for 1944 was $5,465,072, an increase of $238,224 over total income for 1943, which was $5,226,848. Listing fees, which amounted to $741,759 in 1944, compared with $583,146 in 1943, were responsible for the larger part of the improvement in total revenue. Interest and discounts showed an increase of $21,800 during the year, reflecting increased purchases of United States Government securities by the exchange and its affiliated companies. The largest single item of income, receipts from the charge of 1% on net commissions retained by members and member firms from transactions effected on the exchange, totaled $1,009,155 in 1944, a decrease of approximately $58,600 from 1943."

Expenses

"Total expenses for 1944 were also higher, being $4,255,921, compared with $4,012,091 in 1943, an increase of approximately $244,000. This increase is accounted for in the following items:

	Increase
Federal Income Tax	$102.719
Miscellaneous Taxes	84,247
Salaries and Wages	44,980
Printing, Stationery, etc.	21,455
Rents and Accounts Charged off	14,652
	$268,053

"Other expense items showed a net decrease of $24,223.

"Federal Income taxes for 1944 are after giving effect to a 'net operating loss carryover' from 1942 of approximately $546,000, which reduced the income tax liability for 1944 by approximately $229,000. The major portion of the increase in Miscellaneous Taxes was due to revisions in the New York State Franchise Tax law changing the privilege period for which such taxes were payable.

"The item of salaries and wages includes a 4% bonus paid to employees in December, 1944. In March, 1945, an additional 2% bonus for 1944 was paid, as permitted under a revised bonus policy adopted by the War Labor Board applicable to the securities brokerage industry.

"The increase in printing, stationery and office supplies reflects larger purchases and higher cost of such items. The rents and accounts charged off were items of many years' standing on the books of the Building Company which were determined during the year to be uncollectible.

"The ordinary expenses of the exchange have been maintained at the levels of the last several years. Although the exchange will continue, in view of the fluctuating nature of its business, to avoid commitments resulting in fixed overhead charges, it will be required to incur larger expenses in certain categories in the next few years."

As to the Gratuity Fund, President Schram said:

"The statement of condition of the gratuity fund shows that the net worth of the fund was $1,051,920 as of Dec. 31, 1944, a decrease of $242,167 from a year ago. During the year the Trustees appropriated out of the principal of the fund, pursuant to Section 7 of Article XVI of the Constitution, $309,150 as a credit against assessments on the deaths of fifteen members during the year. The principal of the fund will continue to be used for this purpose and there will be no net gratuity fund assessments until its net worth is reduced to $500,000."

It is also noted that the Exchange has supported the sale of war bonds in all of the six war loan drives, and has backed up the statement that "government bonds are the world's best investment" by investing 70% of its total assets in them.

The report also includes, consolidated balance sheets of the New York Stock Exchange and affiliated firms, which are, New York Stock Exchange Building Company, New York Quotation Company and Stock Clearing Corporation, for 1944 and comparative figures for the previous year.

Other tables in the announcement are statements of income and expenses, analysis of changes in capital investment and statement of condition and operations of the gratuity fund.

Nine New 4 Star Generals

The Senate confirmed on March 28 nine Army lieutenant generals to be full generals, raising to 11 the number of four star generals on active duty.

United Press Washington Bureau on March 28 in reporting this said:

Five of the new generals hold the permanent rank of major general in the regular Army. They are Brehon B. Somervell, Commander of the Army Service Forces; Joseph T. McNarney, Deputy Supreme Allied Commander in the Mediterranean; Omar N. Bradley, Commander of the Twelfth Army Group in Europe; Walter Krueger, Commander of the Sixth Army in the Southwest Pacific, and Carl Spaatz, Commander of the United States Strategic Air Forces in Europe.

The others, who hold permanent rank as brigadier generals, are George C. Kenny, Commander of the Far East Air Forces; Mark W. Clark, Commander of the Fifteenth Army Group in Italy; Jacob L. Devers, Commander of the Sixth Army Group in Europe, and Thomas D. Handy, Deputy Chief of Staff.

ABA Has Twenty-Seven New Member Banks

Twenty-seven banks were secured as new members of the American Bankers Association during the month of Feb. 1945, as a result of activities of its Organization Committee, according to R. L. Dominick, Chairman of the committee, who is also Vice-President of Traders Gate City National Bank, Kansas City, Missouri.

The new member banks include:

California—Bank of Berkeley, Berkeley.

Florida—Florida National Bank at Coral Gables, Coral Gables.

Illinois—First National Bank, Manlius, Palatine National Bank, Palatine.

Iowa—Farmers Savings Bank, Boyden, Ionia Savings Bank, Iona, Iowa Falls State Bank, Iowa Falls, Farmers Savings Bank, Remsen, Wellman Savings Bank, Wellman.

Kentucky—Hyden Citizens Bank, Hyden.

Maryland—Exchange & Savings Bank, Berlin.

Ohio—Adelphi Banking Company, Adelphi, Central National Bank at Cambridge, Cambridge, Peoples Bank Company, Fort Recovery, Bank of Galena Company, Galena, Iron Bank, Jackson, Millersport Bank Company, Millersport, The Miami Valley Bank, Quincy, The Farmers Bank, Sedalia, First National Bank, Sycamore.

Oregon—Commercial Bank of Tillamook; Tillamook.

Texas—First National Bank, Byers, First National Bank, Bynum, First State Bank, Jarrell, First National Bank, Richland, Harlandale State Bank, San Antonio.

Puerto Rico—Roig Commercial Bank, Humacao.

Un-American Acts Analyzed by Brookings Institution

The Brookings Institution of Washington, which had been requested by the House Committee on "Un-American Activities," headed by Congressman Martin Dies to digest the numerous replies which the Committee has received regarding un-American activities, has formulated four separate acts which would be included in this category. These, according to the Associated Press are:

"1. It is un-American for any individual or group by force, intimidation, deceit, fraud or bribery to prevent or seek to prevent any person from exercising any right or privilege which cannot constitutionally be denied to him either by the Federal Government or by a State government.

"2. It is un-American for any individual to advocate, to conspire or to attempt to bring about a change in the form of government in the United States without following the processes prescribed for that purpose by the Constitution.

"3. It is un-American for any person (secretly) to conspire by any methods, constitutional or otherwise, to overthrow or attempt to overthrow a government of law and to substitute therefore a government vested with complete discretionary power.

"4. It is un-American for any person with the primary intent to advance the interests of a foreign nation or association to take action clearly and definitely against the interests of the United States.

"5. In time of war or threatened war, it is un-American for any person with the intent to interfere with the successful preparation for or prosecution of war."

Year Book of New York Stock Exchange Issued

The annual "Year Book" of the New York Stock Exchange which has recently been released shows that "during 1944, 717 of the 864 common stock issues listed on the New York Stock Exchange paid cash dividends aggregating $2,222,612,000 and 341 of the 395 listed preferred stock issues made cash disbursements aggregating $369,437,000, a total of $2,592,049,000. During 1943, 687 common stocks paid dividends amounting to $2,063,411,000, and 339 prefered issues paid $344,577,000, a total of $2,407,988,000. As a result of 1944 disbursements, dividend paying common and preferred stocks listed on the New York Stock Exchange showed a typical yield of 5.0% and 4.7% respectively, based on year-end prices.

A record of common stocks listed on the Exchange which have paid cash dividends consecutively for 25 to 97 years is contained in the report. The Pennsylvania Railroad Company, which made its first payment in 1848, heads the list while the Continental Insurance Co. (N. Y.) and the Corn Exchange Bank Trust Co. with payments of their first distribution in 1854, are next in seniority.

With respect to the number of member firms of the Exchange it is shown that these firms totaled 562 on Jan. 1, 1945, compared with 540 on Jan. 1, 1944: the number of branch offices rose during the year from 773 to 797 on Jan. 1, 1945, and non-member correspondents which maintained direct wire connections with members rose slightly from 2,051 at the beginning of 1944 to 2,057 at the start of this year. Branch offices (797) of member firms on Jan. 1, 1945 were located in 325 cities in 46 states, two territories and five foreign countries.

From the "Year Book" we take the following table showing the number of members of the Exchange, the number of Stock Exchange firms and the number of general and special partners of member firms, as of Jan. 1, 1945:

Members of the Exchange:	
New York	1,163
Out-of-Town	185
Total	*1,348
Stock Exchange Firms:	
New York	417
Out-of-Town	145
Total	562
Partners of Stock Exchange Firms:	
Members of the Exchange:	
General Partners	819
Special Partners	24
General and Special Partners	2
Total	845
Other Partners:	
General (Allied Members)	2,078
Special	306
General and Special (Allied Members)	11
Total	2,395
Grand Total	3,240

*27 Memberships held in the names of deceased members.

As of Jan. 1, 1945, says the "Year Book," 811 members of the Exchange had been members for more than ten years. Of these, 284 had been members for more than twenty years; 49 for more than forty years and 6 had held their memberships for more than fifty years.

During 1944, the "Year Book" further reports, 174 applications to list 158 stock and 64 bond issues on the New York Stock Exchange were approved by the Exchange. Of these, 23 applications for 26 stock issues and 1 issue of bonds were by companies not previously represented on the Exchange's list. During 1944, seventy-three special offerings involving 973,694 shares, with a market value of $32,352,118, were announced. Sixty-three of these offerings, embracing 847,324 shares, with a market value of $27,205,331, were distributed and ten were withdrawn. Of these latter offerings, 90,862 shares, valued at $3,681,097, were distributed.

A table in the book compares the solvency record of New York Stock Exchange members with that of all banks in the United States, national banks, and commercial houses. The figures represent percentages of solvency during the indicated calendar years to the total number of Stock Exchange members, banks, etc., as of June 30th of each year. The solvency record of the New York Stock Exchange members in a summary of 45 year averages was 99.69%, against 98.35% of all U. S. Banks, 99.05% for National Banks, and 99.16% for commercial houses.

The "Year Book" of the Stock Exchange for last year was referred to in our issue of Mar. 30, 1944, page 1337.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on April 2 that the tenders of $1,300,000,000 or thereabout of 91-day Treasury bills to be dated April 5 and to mature July 5, 1945, which were offered on March 30, were opened at the Federal Reserve Banks on April 2.

The details of this issue are as follows:

Total applied for $1,842,559,000.

Total accepted, $1,316,815,000 (includes $45,724,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.376% per annum.

Range of accepted competitive bids:

High, 99.908, equivalent rate of discount approximately 0.364% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(39% of the amount bid for at the low price was accepted.)

There was a maturity of ⅞% certificates of indebtedness on April 1 in the amount of $4,876,729,000.

Savings & Loan League Appoint Vaile as New Field Service Manager

Douglas C. Vaile, formerly Director of Education of the American Savings and Loan Institute, has been appointed Manager of Field Service of the National Savings and Loan League, trade organization of the savings and loan business, it was announced on March 31 by Arthur G. Erdmann of Chicago, President of the League.

For the past nine years, Mr. Vaile directed the nationwide educational program of the Institute for savings and loan personnel, doubled the Institute membership, established special personnel programs and services for staffs of savings and loan associations, and developed a system of regional conferences for the study and discusion of modern home-financing procedures.

In conjunction with Northwestern University at Evanston, Ill., Mr. Vaile organized the Graduate School of Savings and Loan in 1939, and served as its first dean. In addition to being widely known as a speaker and adviser on training methods and personnel management, Mr. Vaile is the author of the "Handbook of Savings and Loan", and of "Office Procedures and Customer Relations".

President Erdmann said that Mr. Vaile, in his new position with the National Savings and Loan League, will give special asistance to managers of savings and loan associations in cooperation with the government program for veterans' home loans.

Asks Tighter Curbs on Bank Holding Companies

Chairman Eccles of FRB Writes of House Banking Committee to Confine Business of These Concerns to Operation of Subsidiary Banks Only. Measure to This Effect Already Pending in Senate.

The New York "Journal of Commerce" on March 28 published a Washington dispatch stating that Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System has written a letter to Congressman Brent Spence of the House Banking and Currency Committee urging the passage of a bill to tighten the curbs on bank holding companies.

In his letter to Mr. Spence, Chairman Eccles stated that since the board's 1943 annual report was published, "numerous individual banks have importuned the board to offer the precise form of a bill which would carry out the board's recommendations to lend its support to other forms of suggested bills."

"Representatives in Congress have made similar requests. There has been neither improvement nor change in the situation since the report was made which causes the board to feel any less concern, and the abuses described in the report continue unabated and uncontrolled."

Under the proposed legislation as stated by the "Journal of Commerce" bank holding companies would be prohibited from purchasing any more bank stock, except in order to protect existing minority interests who might otherwise have no market for their shares of stock, moreover, the prohibition would not apply to a situation where the holding company already owns more than 50% of the stock of such bank, provided that the same offer to purchase is made to all minority holders. The bill would require bank holding companies within two years to divest themselves of bank stocks acquired after the beginning of 1943.

Accordingly, under the new bill, no holdings in additional bank shares could be made by present holding concerns. It is also proposed to strengthen the present controls over the operations of bank holding companies, by prohibiting "upstream loans" and inter-company sales of securities except under special authorization of the Reserve Board. Managerial fees would be regulated so as to prevent unreasonable charges, as well as dividends not paid from current income. Holding companies would be required to make reports similar to those demanded of the banks which they control.

These recommendations have been made previously by Mr. Eccles in the Annual Report of the Board of Governors of the Reserve System in 1943, and Senator Robert Wagner, Chairman of the Senate Banking and Currency Committee has already introduced a measure in the Senate to amend the Federal Reserve Act to carry out the proposals.

The State of Trade

(Continued from page 1519)

these lines continues to be heavy. Deliveries in 1946 quoted on galvanized sheets are now being approached by fourth quarter quotations on cold-rolled sheets. The most recent development has been the attempt to place a substantial tonnage of galvanized sheets with producers for delivery to France.

New orders to take up the slack made by cancellations are in the main for shell and powder containers. A lack of labor to fabricate more steel than is being received, plus a reliance on inventories appears to be responsible.

Despite the receding order volume, it is apparent that war business will hold up strong, past the close of the European phase of the war in line with the Army's anxiety not to repeat 1944's mistake of overconfidence, states the magazine. Extreme pressure has already been applied to steel orders to build up supplies for the Pacific War as early as possible, and this pressure is likely to continue as long as it is thought practicable. One unfortunate result, apparently now unavoidable, is that when the war does end American industry will be heavily occupied in war business.

There are some indications that mills are watching the war trends carefully in placing orders for iron and steel scrap. No longer are orders placed in a high, wide, and handsome manner in order to encourage shipments. Moreover, mills are carefully scrutinizing incoming shipments, particularly of turnings, and faint grumblings about rejections are being heard.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 96.9% of capacity for the week beginning April 2, compared with 96.6% one week ago. This week's operating rate represents an increase of 0.3 points from last week's rate, and is equivalent to 1,774,900 net tons of steel ingots and castings, compared to 1,769,400 net tons last week and 1,782,300 tons one year ago.

Business Failures Increase—Commercial and industrial failures in the week ending March 29, reached the highest number of any week in 1945. Dun & Bradstreet, Inc., reports 28 concerns failing against 14 last week and 21 in the corresponding week of 1944. This is only the second time since the spring of 1942 that failures have exceeded those in the comparable week of the preceding year.

The increase among small failures was the sharpest, involving liabilities under $5,000 where the number of concerns failing was four times that of a week ago. Large failures with liabilities of $5,000 or more numbered 16 as compared with 11 for the previous week and 10 a year ago.

All industry and trade groups except wholesale trade and commercial service showed an increase from the previous week. Compared with the corresponding week of last year, retail and commercial service remained at the same level while manufacturing failures jumped to over three times those a year ago. Geographically, failures were less concentrated than a week ago. Increases were reported in six regions, with sharp gains over last week occurring in the Middle Atlantic, East North Central and Pacific States.

Two Canadian failures were reported against one in the previous week and two in the comparable week of 1944.

Retail and Wholesale Trade—The volume of all seasonal lines received a good lift the past week for the country as a whole as a result of the exceptionally warm weather. Retail sales were moderately above those of a week ago with shoppers favoring apparel and accessories in the week before Easter. Sales in the above items were at a record level. Retailers reported their inventories lower than usual at this time due in part to increased sales and the difficulty encountered in obtaining sufficient goods. Spring clothing sold exceptionally well with specialty shops and department stores enjoying a very favorable week. Demand was strong in dresses, suits, coats, blouses and hosiery. Millinery volume was described as excellent and retail shoe stores too, enjoyed a good week with interest largely confined to women's unrationed varieties. A heavy demand was also noted in children's clothing. In men's wear, stores in some areas reflected gains of 20 to 30% over the corresponding week last year.

Hardware and the usual seasonal garden and farm supplies showed a healthy increase over previous weeks and a year ago. A scarcity of selection worked against a very heavy volume of gift, novelty, housefurnishings, and furniture sales the past week.

A slightly higher increase was noted in food volume, although insufficient supplies of meats and other commodities held a trifle under that of last year. Florists reported doing an excellent business.

Retail volume for the country was estimated from 16 to 21% above the high level last year. Regional percentage increases were: New England, 19 to 22%; East, 21 to 26%; Middle West, 15 to 19%; Northwest, 13 to 17%; South, 17 to 21%; Southwest, 22 to 26%; Pacific Coast, 9 to 14%.

Wholesale volume last week continued at a high level with slight gains registered both for the week and over the corresponding period a year ago. The demand was steady and strong in all goods. Soft line sales moved slightly upward in the week and were above those of last year; textile items continue to be scarce. Wholesalers in hard lines report a steady volume compared with previous weeks and a year ago, housefurnishings remain the leading items. Some seasonal lines of hardware were in heavy demand but orders were difficult to fill.

Little or no change was reflected in wholesale grocery and beverage volume from the previous week and last year; supplies of meats and poultry remain below the heavy demand, while trading in fresh fruits and vegetables was fairly active. The demand for canned goods continued large.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 24% ahead of a year ago for the week ended March 24, 1945. This compared with 24% in the preceding week. For the four weeks ended March 24, 1945, sales increased 24%, and for the year to date by 18%.

Climaxing the Easter trade, retail sales showed marked activity for the past week here in New York. The completion of apparel buying saw consumer interest turn to accessories, main floor items, flowers, candy and novelties. Extreme tightness characterized the wholesale market and few buyers were in evidence. The uncertainty surrounding the fate of M-388 and its accompanying maximum average price order worked against fall preparations.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to March 29, 1945, increased 27% over the same period of last year. This compared with an increase of 29% (revised figure) in the preceding week. For the four weeks ended March 24, 1945, sales rose by 27% and for the year to date by 18%.

Food Price Index Unchanged—For six weeks past there has been no change in the wholesale food price index, compiled by Dun & Bradstreet, Inc. Standing at $4.10 on March 27, the current figure represents a rise of 1.7% over last year's $4.03, and is identical with that recorded on the corresponding date two years ago.

Only two changes occurred during the week, rye advanced while sheep declined.

The index represents the sum total of the price per pound of 31 foods in general use.

Steel Operations Increased—Shell and Navy Programs Cut, but Backlogs Still Very Heavy

"Order volume in the steel industry this week was still relatively heavy with some steel companies continuing to report an excess in orders over shipments," states "The Iron Age" in its April 5 issue which further says in part: "Throughout the trade, however, there was this week a definite feeling that the March peak in war orders—perhaps the highest monthly volume in steel history—was beginning to change its shape into a plateau, poised for sharp descent when military cutbacks become numerous after Germany collapes.

"For the first time in many months steel ordering trends were not uniform in all districts. This is partly accounted for by the nature of the steel orders which predominate certain areas or certain companies. In the Chicago district fresh steel business continued to roll in at a high volume, but cancellations were beginning to appear as a result of the cut in second quarter allotments. The bulk of these adjustments, however, is yet to come even though the second quarter has begun.

"At Pittsburgh, the flow of orders has eased somewhat, but one mill reports that its booking were still somewhat ahead of shipments. Cancellations at Pittsburgh are on the upgrade, the result being that monthly carryovers have improved although they still represent a definite production problem.

"Probably indicative of events to come; even before Germany collapses, was the cutback this week in the shell program involving a contract at a plant of the Jones & Laughlin Steel Corp. The Navy cutback on ship construction last week was reflected in rather substantial openings on plate mill schedules.

"It is believed that the Armed Services are actively studying the feasibility of going forward with those cancellations which would not necessarily have to wait until the final blow at Germany succeeds. While there was still some confusion in many official circles this week as to what magnitude the cutbacks would be on VE-Day and as to the speed with which they would be put into operation, general belief was that the Army would take a gradual course in order to mitigate a possible chaotic steel order and production condition in the industry. Nevertheless, there are many who feel just as strongly that cutbacks will reach the mills with such an impact after VE-Day that confusion will, at least temporarily, be the order of the day.

"Steel backlogs were still exceptionally heavy this past week and there was little to indicate that anything but a small dent would be made in them, until military cutbacks made their appearance in much greater volume. Much of this unfilled tonnage, however, will probably never be shipped, as many of the delivery promises on some of these products are extended as far as the fourth quarter of this year and the first quarter of next year. Despite the prospect for heavy inroads being made in steel order volume and backlogs after VE-Day, any decline in the entry of new business and in the production of steel will be due to the necessity for readjusting mill schedules rather than due to lack of demand.

"Plate producers are currently interested in a new gas pipeline project to run from Oklahoma to Detroit, a distance of nearly 1,300 miles. Because of the tightness in the seamless tube picture, it is expected that the line will be made from welded pipe and will require about 250,000 tons of steel. Plans presently call for construction to begin May 1. The order will consist of about 65 miles of 20 inch, 300 miles of 22 inch, and 900 miles of 26 inch welded pipe.

"It is reported that 875 railroad cars have been authorized and scheduled for construction by WPB this past week.

"The expected steel price adjustment by OPA on steel products in addition to those announced on Jan. 11, seemed early this week to have struck a snag. Steel sources had expected that new price adjustments would probably be permitted by at least April 1. Further conferences on the problem may be necessary and it is hinted in Washington circles that final action by OPA on steel price adjustments may be held in abeyance until after VE-Day. However, on the basis of past history definite conclusions as to what OPA will or will not do, or if they will do it, or when they will do it, must remain purely within the realms of speculation."

The American Iron and Steel Institute on April 2 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 96.9% of capacity for the week beginning April 2, compared with 96.6% one week ago, 95.9% one month ago and 99.5% one year ago. The operating rate for the week beginning April 2 is equivalent to 1,774,900 tons of steel ingots and castings, compared to 1,769,400 tons one week ago 1,756,500 tons one month ago, and 1,782,300 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on April 2, stated in part as follows: "Cutback in the new Navy program from 84 to 12 combat ships caught the steel and shipbuilding industries by surprise and is causing heavy steel order cancellations, some of which will affect rolling schedules as early as April.

"With this curtailment also came indications that at the suggestion of the Navy the Maritime Commission may cancel orders for 40 tankers, requiring about 4,500 tons of steel each, half of which were to be built by Sun Shipbuilding & Dry Dock Co., Chester, Pa. The 12 ships remaining on the program will be built on the Pacific Coast by Kaiser and Todd yards. Cause of the decision to eliminate so many ships is said to be that naval losses have been much lower than had been expected.

"Despite removal of this large tonnage the War Production Board has not slackened its pressure for steel, in spite of indications that the European phase of the war may be near its end. Special efforts are being made to screen second quarter requirements closely. Allotments in some cases are being cut further to make room for more important work. The board is following up reductions to assure that affected consumers do not delay in advising mills of withdrawal of their validations.

"Hot-rolled pickled sheets and strip are in particularly critical situation, as pickling facilities are inadequate to meet demand for most urgent war requirements, including the Navy bomb program. As a result, warehouse stock orders for these products validated for second quarter have been cut to half, in addition to recent order to jobbers to reduce warehouse load on hot-rolled pickled for third quarter by 50%. Second quarter reduction, it appears, will cut orders of all distributors by half but the third quarter cut will apply less evenly, apparently. It is the interpretation of some producers that warehouses which have placed orders for third quarter will receive full requirements until mill load is absorbed, leaving those whose orders were not entered early without any tonnage. Third quarter nail shipments to warehouses are also cut to 50% of former allocation."

From Washington Ahead of The News

(Continued from first page)

tator friend tremendously because undoubtedly the doughboy had read it and what would he think of the home front. Our commentator came back terribly dissatisfied with the home front. We are not making the necessary sacrifices.

The question naturally arises as to what this doughboy, assuming he is so sensitive as to our home front doings, is wondering about the blow-up of Jimmy Byrnes. That it was sudden, there seems to be no doubt. His resignation, made public on April 2, was dated March 24. But on Saturday, March 31, he assured a press conference that, regardless of his own desires, he intended to stick to his job until the war's end in Germany.

The fact that he had been chafing at the bit ever since he got the runaround in his Vice-Presidential ambitions at Chicago, has been well known. He seems to have been burned up ever since that time. Because of this, he seems to have set out to make himself as hard-boiled, deliberately, as a man could. First, he espoused the manpower legislation. The funny thing about that was that he didn't exactly espouse it. He said, in his periodical report to Congress several months ago, that the manpower draft was what we should have, but he realized that no such thing was possible with Congress, therefore he was not recommending it. On top of his words, the President, who had never shown any vigorousness for a manpower bill, came out wholeheartedly for it and a manpower bill in Congress evolved. And it became known as the Byrnes Manpower Bill. He had never recommended it, just said that it was what we should have.

As he became more and more to be identified as the author of the bill, he seems to have taken the attitude that, o. k., if the Administration, which had double-crossed him at Chicago, wanted to be hardboiled, he would show it how to be. In quick succession he came up with the ban on racing and subsequently the curfew. The squeals from patriots and do-gooders really increased.

The well-grounded impression as this is written, is that Jimmy, being held in his job against his will pretty much ever since the Chicago Convention, was out to make the Administration just as unpopular as he could. What was his experience? He was being blamed alone. He was being blamed for the manpower bill which he did not recommend. In New York, the Roosevelt-supporting night-club operators said they were quite sure their hero knew nothing about his curfew.

Then on last Saturday Jimmy, who has been the darling of Washington newspapermen and politicians, announced that the curfew and the racing ban would be lifted after VE-Day. But we needed the manpower bill, he said, for reconversion as well as war. On the Hill, the friends of the bill hit the ceiling and announced that with such foolish statements the bill was dead. Jimmy, who has never let himself in for so much unpopularity in all his life, whose whole career has been based on his popularity, decided quickly, irrespective of the date of his resignation, that it was time to quit.

Even more disconcerting than this confusion on our home front to the doughboy of our commentator's acquaintance, however, should be what is happening to the great Dumbarton Oaks pageantry. The amazing thing about this is that it is not those ostrich-in-the-sand people, those evil-doers, who are trying to blow this up, who are trying to torpedo it. It was not they who dug up the fact that Russia demanded at Yalta that she have three members of the assembly of this great peace tribunal of tomorrow. You would expect these evil-doers to be jumping on something like this, to be jumping, also, on the fact that Stalin intends to send only his Ambassador instead of his Foreign Minister to the San Francisco Conference, or to appear himself. You would expect the ostrich-in-the-sand people to be shouting to the heavens.

But the fact is that it is not they. The do-gooders are the ones that are screaming; it is they who are demanding that the San Francisco Conference be postponed. Their opponents have never been much concerned, assuming it was the bunk in the first place. Is it possible that the do-gooders and broad-minded people are becoming disillusioned over the world leadership which they have followed ?

Draft Extended Another Year

The House Military Committee on March 22 unanimously approved a one-year extension of the present draft law, while the Senate Military Affairs Committee also extended the law on March 28. The present draft law, passed in 1940, would have expired on May 15, and is now extended until May 15, 1946, but can be cut short if the war ends before then.

At first it was believed that the House committee would demand an amendment to the present law, which defined a definite training period before a draftee could be sent into the battle area. Major General Idwal Edwards, in charge of training, who was heard in support of the present bill, along with Major General Stephen G. Henry, in charge of personnel, said that the current need for replacements had resulted in a policy by which the physically fit men were sent into combat within five months of their induction, regardless of their age.

There has been a case, General Edwards said, of a man being killed in action five months and nine days after induction.

Major General Lewis B. Hershey, Director of Selective Service, was also waiting to testify in support of the bill, but was not called.

In the Senate Military Affairs Committee Senator Chapman Revercomb, Republican of West Virginia, also tried unsuccessfully to win approval of two amendments to the Selective Service bill. One would have forbidden combat assignments of boys under 19. The other would have set the age limit at 18 years and six months. However, the extension was passed unanimously in this committee also.

Following the House committee's extension of the law the White House announced that draft calls may drop an average of 31% after July 1.

President Roosevelt, sending up a request to Congress for $54,500,000 to finance selective service for another fiscal year, said this contemplated an average draft call of 93,000 a month.

This compares with a figure of 135,000 which Major General Stephen Henry told the House committee is the expected average from now until June.

James M. Cox Optimistic on World Peace

Democratic Presidential Candidate in 1920 and Supporter of Old World League, Says Present Peace Structure Is Based on Principles Enunciated by Woodrow Wilson.

In an interview granted the Associated Press in Miami, Fla., and published in the New York "Times" on March 31, James M. Cox, who was the Democratic presidential candidate in 1920, and who supported the adherence of the United States to the League of Nations, expressed optimism regarding the prospects for a long continued international peace.

"A new age opens before us. That shouldn't be alarming," began Mr. Cox. "Every generation has a new world to face. We confront swifter change than in past times, but we have better means of adjusting ourselves. Man's life has been an age-long struggle to rise to larger stature. Some have succeeded in the adjustment and have gone forward progressively. Others have missed the mark and vanished from the race.

"A constant evolution has been going on. It has taken ages to develop our civilization and there are ages yet to go. All this tells us we must be patient, yet everlastingly at the present pressing task."

Regarding the future Mr. Cox remarked, "We enter into the strange new day in the midst of widespread grief and desolation, yet with every prospect of new and better things ahead. There is promise of long continued and perhaps permanent international peace. The world has been punished and in a chastened spirit has come to its senses at last.

"We shall have the benefits of scientific achievements. The mysteries of nature are one by one being solved and the material way of life, if we manage well, will be easier and happier. We have won many battles against disease and shall win many more. Because of this, we shall be a happier people, for health brings happiness. A healthy body, moreover, promotes that wholesome state of mind which begets understanding and harmony among men and nations."

When questioned as to the rejection of the old League by the United States as leading to the present war, Mr. Cox is reported to have said, "This war did not need to be. The conviction of that fact will grow as we demonstrate that an outlaw nation cannot run at large, and that disputes can be settled without resort to war. Time will reveal even more clearly than it has already done that the conspiracy which wrecked the project for peace after the first World War was the most tragic and sinful chapter in our history.

"I sometimes hear it said that in the coming cooperation of nations for peace, the errors of Woodrow Wilson will be avoided. The whole structure that is being built now is laid out from the blueprints imbedded in the mind and soul of that martyred President. There will be changes in detail, but not in principle.

"Time brings its compensations. The wisest of men is the county coroner who gets the last look at things. Those who would cast discredit on Woodrow Wilson are only trying to cover up their own guilt in the conspiracy of 1919. If there still be active now some remains of the sinister movement of that time, it must be because an enduring peace will expose the wrong which they accomplished then. If a League of Nations succeeds today, it would have succeeded had these political plotters given it the chance a quarter of a century ago."

Wholesale Prices Unchanged for Week Ended March 24, Labor Department Reports

Lower prices for cattle and for white potatoes at New York together with minor decreases in the grain and cotton markets did not influence the Bureau of Labor Statistics' index of commodity prices at the primary market level. The U. S. Department of Labor announcement of March 29 stated: "The all-commodity index remained unchanged for the third consecutive week at 105.1% of the 1926 average. In the past four weeks the index has risen 0.3% to a point 1.4% higher than at this time last year."

The report went on to say:

"Farm Products and Foods—Led by a decline of 0.7% in the livestock markets, average prices for farm products dropped 0.3% during the week. Quotations for cows were off 4% and steers nearly 1%. Rye, wheat and cotton declined fractionally. White potatoes at New York dropped sharply and somewhat lower prices were reported for potatoes at Boston and for apples. Prices for a few important farm products rose during the week. No. 3 yellow corn at Chicago and calves advanced less than 1% and increases of from 2.5% to a little over 5% were reported for citrus fruits, sweetpotatoes and white potatoes in the Chicago market. Since the end of February, average prices for farm products have advanced 0.5% and were 1.9% over the level for the corresponding week of last year.

"As a result of declining markets for apples and potatoes, average prices for foods dropped 0.1% to their level of a year ago. In the past four weeks, prices of foods in primary markets have risen 0.4%.

"Industrial Commodities—Industrial commodity markets continued steady. Sales realizations on maple flooring advanced 1% and prices for sand and lime were fractionally higher. Turpentine rose 0.6%. These changes were not sufficient to affect the index for the building materials group which now stands nearly 17% above the 1926 average. Heavy supplies of ergot forced prices down 7.5%."

The Labor Department included the following notation in its report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as perliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for February 24, 1945 and March 25, 1944, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from March 17, 1945 to March 24, 1945.

WHOLESALE PRICES FOR WEEK ENDED MARCH 24, 1945
(1926=100)

Commodity Groups—	3-24 1945	3-17 1945	3-10 1945	2-24 1945	3-25 1944	Percentage change to March 24, 1945 from— 3-17 1945	2-24 1945	3-25 1944
All commodities	105.1	105.1	105.1	104.8	103.7	0	+0.3	+ 1.4
Farm products	127.0	127.4	127.1	126.4	124.6	—0.3	+0.5	+ 1.9
Foods	104.5	104.6	104.5	104.1	104.5	—0.1	+0.4	0
Hides and leather products	118.2	118.2	118.1	118.0	117.5	0	+0.2	+ 0.6
Textile products	99.2	99.2	99.2	99.1	97.3	0	+0.1	+ 2.0
Fuel and lighting materials	83.9	83.9	83.8	83.8	83.6	0	+0.1	+ 0.4
Metals and metal products	104.3	104.3	104.3	104.3	103.8	0	0	+ 0.5
Building materials	116.9	116.9	116.9	116.9	114.6	0	0	+ 2.0
Chemicals and allied products	94.9	94.9	94.9	94.9	95.0	0	0	— 0.1
Housefurnishing goods	106.2	106.2	106.2	106.2	105.9	0	0	+ 0.3
Miscellaneous commodities	94.4	94.4	94.4	94.1	93.3	0	+0.3	+ 1.2
Raw materials	116.0	116.3	116.2	115.7	114.0	—0.3	+0.3	+ 1.8
Semimanufactured articles	94.9	94.9	94.9	94.8	93.5	0	+0.1	+ 1.5
Manufactured products	101.8	101.8	101.8	101.6	100.7	0	+0.2	+ 1.1
All commodities other than farm products	100.3	100.3	100.3	100.1	99.2	0	+0.2	+ 1.1
All commodities other than farm products and foods	99.4	99.4	99.4	99.3	98.3	0	+0.1	+ 1.1

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
MARCH 17, 1945 TO MARCH 24, 1945

Increases

Paint and paint materials	0.1		

Decreases

Livestock and poultry	0.7	Drugs and pharmaceuticals	0.1
Fruits and vegetables	0.2	Other farm products	0.1

Electric Output for Week Ended Mar. 31, 1945 1.8% Below That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Mar. 31, 1945, was approximately 4,329,478,000 kwh., which compares with 4,408,703,000 kwh. in the corresponding week a year ago, and 4,401,716,000 kwh. in the week ended Mar. 24, 1945. The output of the week ended Mar. 31, 1945, was 1.8% lower than that in the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Mar. 31	Mar. 24	Mar. 17	Mar. 10
New England	*0.4	3.7	*0.1	*0.5
Middle Atlantic	*6.2	*3.0	*3.5	*2.8
Central Industrial	0.2	1.8	0.9	1.7
West Central	6.1	5.3	5.9	7.3
Southern States	4.6	3.6	4.9	6.3
Rocky Mountain	*7.4	*10.0	*7.5	*5.6
Pacific Coast	*6.5	*2.1	*0.1	*2.1
Total United States	*1.8	*0.2	*0.1	0.5

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
Jan. 6	4,427,281	4,567,959	--	3,952,587	1,602,482	1,733,810
Jan. 13	4,614,334	4,539,083	+ 1.7	3,952,479	1,598,201	1,736,721
Jan. 20	4,588,214	4,531,662	+ 1.2	3,974,202	1,588,967	1,717,315
Jan. 27	4,576,713	4,523,763	+ 1.2	3,976,844	1,588,853	1,728,203
Feb. 3	4,538,552	4,524,134	+ 0.3	3,960,242	1,578,817	1,726,161
Feb. 10	4,505,269	4,532,730	— 0.6	3,939,708	1,545,459	1,718,304
Feb. 17	4,472,298	4,511,562	— 0.9	3,948,749	1,512,158	1,699,250
Feb. 24	4,473,962	4,444,939	+ 0.7	3,892,796	1,519,679	1,706,719
March 3	4,472,110	4,464,686	+ 0.2	3,946,630	1,538,452	1,702,570
March 10	4,446,136	4,425,630	+ 0.5	3,944,679	1,537,747	1,687,229
March 17	4,397,529	4,400,246	— 0.1	3,946,836	1,514,553	1,683,262
March 24	4,401,716	4,409,159	— 0.2	3,928,170	1,480,208	1,679,583
March 31	4,329,478	4,408,703	— 1.8	3,889,858	1,465,076	1,633,291

Note—Because the same week a year ago contained the New Year holiday, no percentage comparison is available for the week ended Jan. 6.

Report on Ownership of Demand Deposits

The survey of demand deposit ownership conducted by the Federal Reserve System as of January 31, 1945, indicates, as did the previous survey, that individuals are still adding large amounts to their holdings of demand deposits. The expansion in individuals' holdings of demand and time deposits and of currency during the six months was greater than in any comparable period. Farmers' demand deposits also increased, but seasonal influences undoubtedly account for part of this rise. Unincorporated business, especially trade concerns, has also continued to expand its deposit holdings. Balances of corporations, exclusive of those engaged in trade, show little gain.

During the six months ended January 31, 1945, individuals other than farmers added an estimated 2.3 billion dollars to their demand deposits, a 16% gain. This lifted their total to 16.7 billion dollars, as shown in the following table. Farmers' deposits were also up 700 million dollars.

Ownership of Demand Deposits of Individuals, Partnerships, and Corporations
(In billions of dollars)

	Dollar Amount January 1945	July 1944	Change, July 1944 to January 1945
Nonfinancial business	35.3	33.0	+2.3
Financial business	5.1	4.7	+0.4
Farmers	4.7	4.0	+0.7
Other persons	16.7	14.4	+2.3
All other	4.1	3.5	+0.6
Total	66.0	59.6	+6.4

Demand deposits of all domestic business firms increased an estimated 2.8 billions, or approximately 8%. Over one-half of the total business increase went into accounts of wholesale and retail trade establishments.

In addition to this substantial increase is personal demand deposits, time deposits and currency in circulation, both of which are held largely by individuals, increased an estimated 4.0 and 2.6 billion respectively. Thus, during this six months' interval, individuals, including farmers, increased the cash holdings by nearly $10,000,000,000.

The division of business balances between corporate and other types of organization showed that the relative growth of unincorporated business holdings during the past six months was substantially greater than that for corporations. Corporate business balances increased about 5%, whereas noncorporate business balances increased 15%. Trade and service establishments accounted for a large part of the growth in each of the categories.

National Fertilizer Association Commodity Price Index Steady With Only Slight Decline

The weekly wholesale commodity price index, compiled by the National Fertilizer Association and made public on April 2, fractionally declined to 140.0 in the week ending March 31, 1945, from 140.1 in the preceding week. A month ago the index stood at 139.8, and a year ago at 137.0 based on the 1935-1939 average as 100. The Association's report went on to say:

Lower quotations in the farm products group were responsible for the small decline in the all-commodity index, with declines in each of the three sub-groups of this group index. Cotton declined slightly. Corn and rye prices were lower causing a moderate decline in the grains index. Quotations for good cattle and lambs were also lower resulting in a small decline in the livestock index. The textiles index declined fractionally. Quotations for news-roll paper advanced during the week causing the miscellaneous commodities group to advance. This rise was not sufficient to change the industrial commodities group index. All remaining groups in the composite index were unchanged.

During the week five price series in the index declined and only one advanced; in the preceding week there were one decline and eight advances; in the second preceding week there were three declines and four advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Mar. 31, 1945	Preceding Week Mar. 24, 1945	Month Ago Mar. 3, 1945	Year Ago Apr. 1, 1944
25.3	Food	141.6	141.6	141.2	137.8
	Fats and Oils	145.3	145.3	145.3	146.1
	Cottonseed Oil	163.1	163.1	163.1	159.6
23.0	Farm Products	165.6	166.1	165.3	156.4
	Cotton	206.4	207.3	207.2	200.6
	Grains	162.9	163.7	163.7	164.8
	Livestock	159.9	160.3	159.4	146.4
17.3	Fuels	130.4	130.4	130.4	130.1
10.8	Miscellaneous Commodities	133.7	133.4	133.4	132.2
8.2	Textiles	156.0	156.1	156.1	152.2
7.1	Metals	104.7	104.7	104.7	104.4
6.1	Building Materials	154.2	154.2	154.1	152.4
1.3	Chemicals and Drugs	125.4	125.4	125.4	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.2
100.0	All groups combined	140.0	140.1	139.8	137.0

*Indexes on 1926-1928 base were: March 31, 1945, 109.1; March 24, 1945, 109.1, and April 1, 1944, 106.7.

7th War Loan Seen as Challenge to Nation

The Seventh War Loan drive to start officially on May 14 will offer a test more serious than that of any previous war loan drive, a test which it is up to the wage and salary earners of the country to meet to a greater degree than ever before, Ted R. Gamble, national war loan Director, declared recently at a luncheon meeting of the New York Financial Advertisers in the City Midday Club.

Mr. Gamble, introduced by Frederick W. Gehle, New York State Chairman of both the last and the next war loan campaigns, as the "spark plug" of war finance, spoke extemporaneously.

Individuals, for whom a quota of $7,000,000,000 of war bonds has been set for the forthcoming drive, will have received as income some $14,000,000,000, or nearly $2,000,000,000 more than they received in the comparable period for the Sixth War Loan Drive, which may well represent the difference between economic stability and the reverse, Mr. Gamble declared. In addition, individuals had an estimated total of $32,000,000,000 in checking accounts as of January 1 this year.

War expenditures were going to continue high, but the absorption of $42,000,000,000 of government bonds by individuals since the war began has been the greatest single contribution to the prevention of economic dislocation. 46% of the Government's wartime spending was now coming from direct taxation as compared with 29% at the start of the war, while the average since the war began was 39%. This, together with the increased participation of non-banking investors in war bonds, and declining redemptions was pointed to as favorable factors in the maintenance of economic equilibrium.

The importance of wage and salary earners, including farmers and professional people, increasing their purchases was manifest and the WPB, the Treasury, and business and financial leaders all agreed that the threat of higher prices and economic instability lay with the individual.

"With consumption goods increasingly difficult to secure, more money is left in the hands of the people, and thus the biggest drive is timed to meet the biggest market for war bonds in our history," Mr. Gamble said. "The war bond program will make a definite contribution to holding the price line and stabilizing our economy, by removing money from current to future spending, and thus keeping it out of the hands of the black marketers and profiteers.

"If we are going to maintain the gains we have made in this direction, we must and I believe we will do the biggest job we have ever done in the coming war loan campaign." The campaign would be backed by the greatest array of advertising and other activating media ever mobilized for any cause and would be the finest example of business-government-citizen cooperation in the nation's history, he added.

As of Jan. 1, 1945, the government's cash balance was $16,000,000,000 larger than its expenditures, although the accumulated deficit was $161,000,000,000. Of the total wartime borrowing, $102,000,000,000 had been lent by non-banking investors, and $75,000,000,000 by the commercial banks of the country. Total redemptions through February, 1945, averaged 12.98% of the total bonds sold up to then, which the speaker regarded as not excessive under the circumstances. Average annual interest cost of the Government's borrowings had declined from 2.58% to 1.92% and it could be expected that there would be a further drop to 1.75% before the war financing program is concluded, because of the reliance of the Treasury upon a large proportion of short-term borrowing, Mr. Gamble said.

To Insure Loans on War Workers' Houses

The Federal Housing Administration on March 28 notified its field offices to resume issuance of commitments to insure loans on houses built for war workers.

This phase of FHA operations was suspended early in February when the insurance authorization under Title VI of the National Housing Act neared exhaustion.

The FHA action was in accord with Congressional approval of an amendment to the Act which extends its war housing insurance powers until July 1, 1946, and added $100,000,000 to its Title VI authorization.

Congress, in passing the amendment, raised the total FHA Title VI insurance authorization from $1,700,000,000 to $1,800,000,000 and thus makes possible, it was estimated, the construction of nearly 22,000 additional privately-financed dwelling units urgently needed for war workers. About 16,000 of these already have been programmed by the National Housing Agency.

Through February, about 380,000 houses for war workers had been completed by private enterprise with insurance through FHA's Title VI.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Mar. 28 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Mar. 10, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Mar. 10 in round-lot transactions) totaled 2,695,256 shares, which amount was 13.81% of the total transactions on the Exchange of 9,759,280 shares. This compares with member trading during the week ended March 3 of 2,964,005 shares, or 15.17% of the total trading of 9,776,340 shares. On the New York Curb Exchange, member trading during the week ended Mar. 10 amounted to 700,350 shares, or 14.52% of the total volume on that exchange of 2,411,800 shares. During the March 3 week trading for the account of Curb members of 753,360 shares was 13.41% of the total trading of 2,827,100.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED MARCH 10, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	216,000	
‡Other sales	9,543,280	
Total sales	9,759,280	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	865,320	
Short sales	90,200	
‡Other sales	641,750	
Total sales	731,950	8.18
2. Other transactions initiated on the floor—		
Total purchases	308,070	
Short sales	23,600	
‡Other sales	273,220	
Total sales	296,820	3.10
3. Other transactions initiated off the floor—		
Total purchases	248,462	
Short sales	33,520	
‡Other sales	211,114	
Total sales	244,634	2.53
4. Total—		
Total purchases	1,421,852	
Short sales	147,320	
‡Other sales	1,126,084	
Total sales	1,273,404	13.81

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED MARCH 10, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	13,510	
‡Other sales	2,398,290	
Total sales	2,411,800	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	226,255	
Short sales	10,545	
‡Other sales	200,140	
Total sales	210,685	9.05
2. Other transactions initiated on the floor—		
Total purchases	52,650	
Short sales	900	
‡Other sales	51,375	
Total sales	52,275	2.18
3. Other transactions initiated off the floor—		
Total purchases	52,605	
Short sales	1,610	
‡Other sales	104,270	
Total sales	105,880	3.29
4. Total—		
Total purchases	331,510	
Short sales	13,055	
‡Other sales	355,785	
Total sales	368,840	14.52
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	95,608	
Total purchases	95,608	
Total sales	83,881	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Civil Engineering Construction $37,301,000 For Week

Civil engineering construction volume in continental United States totals $37,301,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 58% higher than in the preceding week, 27% above the volume reported to "Engineering News-Record" for the corresponding 1944 week, and 4% above the previous four-week moving average. The report made public on March 29, added:

Public construction is responsible for the increase, reporting a gain of 82% over a week ago and 73% over a year ago. Private construction is 22 and 59% lower, respectively, than last week and last year. Both state and municipal work and Federal volume participated in the public increase, both reporting gains over the preceding week and the 1944 week.

The current week's construction brings 1945 volume to $380,207,000 for the thirteen weeks, a decrease of 16% from the $450,122,000 reported for the corresponding 1944 period. Private construction, $113,444,000, is 15% higher than a year ago, but public construction, $266,763,000, is down 24% as a result of the 29% decline in Federal volume. State and municipal construction is 17% higher than a year ago.

Civil engineering construction volumes for the 1944 week, last week, and the current week are:

	Mar. 30, 1944	Mar. 22, 1945	Mar. 29, 1945
Total U. S. Construction	$29,412,000	$23,559,000	$37,301,000
Private Construction	10,250,000	5,338,000	4,167,000
Public Construction	19,162,000	18,221,000	33,134,000
State and Municipal	2,727,000	3,181,000	4,900,000
Federal	16,435,000	15,040,000	28,234,000

In the classified construction groups, gains over the preceding week are in waterworks, sewerage, public buildings, earthwork and drainage, and streets and roads. The same classes of work report increases over the 1944 week. Subtotals for the week in each class of construction are: waterworks, $805,000; sewerage, $599,000; bridges, $137,000; industrial buildings, $2,602,000; commercial buildings, $312,000; public buildings, $22,047,000; earthwork and drainage, $1,630,000; streets and roads, $6,104,000; and unclassified construction, $3,065,000.

New capital for construction purposes for the week totals $4,504,000. It is made up of $1,816,000 in State and municipal bond sales, and $2,688,000 in corporate security issues. New construction financing for 1945 to date totals $249,535,000, a volume that compares with $181,638,000 reported for the corresponding thirteen-week period of 1944.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Apr. 3	122.04	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
2	122.00	114.85	120.84	118.40	114.85	106.04	111.25	114.27	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
30	Stock Exchange Closed								
29	122.03	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
28	122.04	114.85	121.04	118.60	114.85	106.04	111.25	114.27	119.20
27	122.11	114.85	121.04	118.40	114.85	106.21	111.25	114.27	119.41
26	122.16	115.04	121.04	118.60	114.85	106.21	111.25	114.27	119.41
24	122.19	115.04	121.04	118.40	114.85	106.39	111.44	114.27	119.41
23	122.19	115.04	121.04	118.60	114.85	106.21	111.44	114.27	119.41
22	122.19	114.85	120.84	118.60	114.85	106.21	111.25	114.27	119.20
21	122.19	114.85	120.84	118.60	114.85	106.21	111.25	114.27	119.41
20	122.20	115.04	120.84	118.60	114.85	106.21	111.25	114.46	119.41
19	122.20	115.04	120.84	118.60	114.85	106.39	111.25	114.46	119.41
17	122,25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.61
16	122.25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.41
15	122.28	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
14	122.36	114.85	120.63	118.60	114.85	106.39	110.88	114.46	119.61
13	122.39	114.85	120.63	118.40	114.66	106.21	110.88	114.46	119.41
12	122.42	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
10	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
9	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
8	122.53	114.85	120.63	118.60	114.46	106.21	110.88	114.46	119.41
7	122.50	114.85	120.63	118.60	114.46	106.21	110.88	114.27	119.41
6	122.42	114.85	120.63	118.60	114.46	106.21	110.88	114.27	119.61
5	122.28	114.85	120.63	118.60	114.66	106.21	110.70	114.27	119.61
3	122.11	114.85	120.63	118.60	114.66	106.21	110.70	114.27	119.41
2	122.05	114.66	120.43	118.60	114.46	106.21	110.70	114.27	119.61
1	122.03	114.85	120.63	118.60	114.66	106.21	110.70	114.27	119.61
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
16	121.97	114.46	120.02	118.60	114.27	105.69	110.15	114.08	119.41
9	121.58	114.27	119.82	118.40	114.08	105.69	109.97	114.08	119.20
2	121.33	114.08	119.82	118.00	113.89	105.34	109.60	114.08	118.80
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
19	121.09	113.70	119.20	118.00	113.70	105.00	108.88	113.70	118.60
12	121.25	113.70	119.00	118.00	113.50	104.83	109.06	113.70	118.40
5	120.66	113,50	119,00	117.80	113.50	104.66	108.70	113.89	118.20
High 1945	122.53	115.04	121.04	118.80	114.85	106.39	111.44	114.46	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago April 3, 1944	119.70	111.44	118.40	116.41	111.44	100.81	104.66	113.70	116.41
2 Years Ago April 3, 1943	117.38	109.60	117.60	115.43	110.52	96.85	100.98	112.93	115.63

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Apr. 3	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
2	1.66	2.91	2.61	2.73	2.91	3.39	3.10	2.94	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
30	Stock Exchange Closed								
29	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
28	1.66	2.91	2.60	2.72	2.91	3.39	3.10	2.94	2.69
27	1.66	2.91	2.60	2.73	2.91	3.38	3.10	2.94	2.68
26	1.65	2.90	2.60	2.72	2.91	3.38	3.10	2.94	2.68
24	1.65	2.90	2.60	2.73	2.91	3.37	3.09	2.94	2.68
23	1.65	2.90	2.60	2.72	2.91	3.38	3.09	2.94	2.68
22	1.65	2.91	2.61	2.72	2.91	3.38	3.10	2.94	2.69
21	1.65	2.91	2.61	2.72	2.91	3.38	3.10	2.94	2.68
20	1.65	2.90	2.61	2.72	2.91	3.38	3.10	2.93	2.68
19	1.65	2.90	2.61	2.72	2.91	3.37	3.10	2.93	2.68
17	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.67
16	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.68
15	1.64	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
14	1.66	2.91	2.62	2.72	2.91	3.37	3.12	2.93	2.67
13	1.66	2.91	2.62	2.73	2.92	3.38	3.12	2.93	2.68
12	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
10	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
9	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
8	1.65	2.91	2.62	2.72	2.93	3.38	3.12	2.93	2.68
7	1.65	2.91	2.62	2.72	2.93	3.38	3.12	2.94	2.68
6	1.66	2.91	2.62	2.72	2.93	3.38	3.12	2.94	2.67
5	1.67	2.91	2.62	2.72	2.92	3.38	3.13	2.94	2.67
3	1.68	2.91	2.62	2.72	2.92	3.38	3.13	2.94	2.68
2	1.69	2.92	2.63	2.72	2.93	3.38	3.13	2.94	2.67
1	1.69	2.91	2.62	2.72	2.92	3.38	3.13	2.94	2.67
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
16	1.69	2.93	2.65	2.72	2.94	3.41	3.16	2.95	2.68
9	1.72	2.94	2.66	2.73	2.95	3.41	3.17	2.95	2.69
2	1.73	2.95	2.66	2.75	2.96	3.43	3.19	2.95	2.71
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
19	1.75	2.97	2.69	2.75	2.97	3.45	3.23	2.97	2.72
12	1.74	2.97	2.70	2.75	2.98	3.46	3.22	2.97	2.73
5	1.79	2.98	2.70	2.76	2.98	3.47	3.24	2.96	2.74
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.64	2.90	2.60	2.71	2.91	3.37	3.09	2.93	2.67
1 Year Ago April 3, 1944	1.83	3.09	2.73	2.83	3.09	3.70	3.47	2.97	2.83
2 Years Ago April 3, 1943	2.05	3.19	2.77	2.88	3.14	3.95	3.69	3.01	2.87

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Defends Army View On 18 Yr. Old Fighters

General of the Army George C. Marshall, Army Chief of Staff, in his letter to Representative Clifford R. Hope (R., Kan.), stated that the army must use 18-year-olds as combat replacements or run the risk of prolonging the war in Europe and the Pacific. He also asserted that the young American soldier is receiving better training than ever before.

Mr. Hope had asked Gen. Marshall to explain why young soldiers are being sent into battle with only 13 or 17 weeks' basic training. When the draft age was lowered to 18, Mr. Hope said, parents had the impression that their young sons would be given a full year's training before facing the enemy.

Washington United Press advices from which this information is learned continued:

General Marshall told Mr. Hope that soldiers sent overseas are usually given additional training after they reach the theatre of operations. In some cases, however, he said, this is not possible.

He pointed out that while it requires a year or more to train a full division, an individual soldier placed in a veteran unit may be adequately prepared for battle in much less time.

"It should be kept in mind," he said, "that all of these men . . . are assigned to units with long combat experience where the leadership . . . is in the hands of veterans."

And, he added, battle reports indicate that these new men "measure up well in combat."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on March 28 a summary for the week ended Mar. 17 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended March 17, 1945

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	23,215
Number of shares	634,328
Dollar value	$26,450,657
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	221
*Customers' other sales	20,316
Customers' total sales	20,537
Number of Shares:	
Customers' short sales	7,424
*Customers' other sales	522,674
Customers' total sales	530,098
Dollar value	$20,789,585
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	150
†Other sales	98,410
Total sales	98,560
Round-Lot Purchases by Dealers:	
Number of shares	192,930

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Moody's Daily Commodity Index

Tuesday, March 27, 1945	255.0
Wednesday, March 28	255.2
Thursday, March 29	255.2
Friday, March 30	*
Saturday, March 31	255.2
Monday April 2	255.3
Tuesday, April 3	255.3
Two weeks ago, March 20	255.3
Month ago, March 3	255.0
Year ago, April 3, 1944	----
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 6	255.5
Low, Jan. 24	252.1

*Holiday.

Daily Average Crude Oil Production for Week Ended March 24, 1945 Increased 8,200 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended March 24, 1945 was 4,782,115 barrels, an increase of 8,200 barrels per day over the preceding week and a gain of 397,365 barrels per day over the corresponding week of 1944. The current figure, however, was 11,235 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of March, 1945. Daily output for the four weeks ended March 24, 1945 averaged 4,772,300 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,742,000 barrels of crude oil daily and produced 14,907,000 barrels of gasoline; 1,732,000 barrels of kerosine; 4,448,000 barrels of distillate fuel, and 9,166,000 barrels of residual fuel oil during the week ended March 24, 1945 and had in storage at the end of that week 53,487,000 barrels of civilian grade gasoline; 45,525,000 barrels of military and other gasoline; 6,859,000 barrels of kerosine; 26,782,000 barrels of distillate fuel, and 43,327,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations March	*State Allowables Begin. Mar. 1	Actual Production Week Ended Mar. 24, 1945	Change from Previous Week	4 Weeks Ended Mar. 24, 1945	Week Ended Mar. 25, 1944
Oklahoma	363,000	363,000	†369,350	+ 400	369,050	329,500
Kansas	274,000	259,600	†275,500	+ 4,200	260,650	274,100
Nebraska	1,000	----	†950	----	950	1,350
Panhandle Texas			88,000	----	88,000	92,850
North Texas			149,300	----	149,200	142,600
West Texas			477,400	----	474,100	340,900
East Central Texas			146,700	----	147,600	116,600
East Texas			381,000	----	383,750	365,100
Southwest Texas			352,150	----	350,850	291,500
Coastal Texas			564,450	----	563,850	513,800
Total Texas	2,160,000	‡2,160,675	2,159,000	----	2,157,350	1,863,350
North Louisiana			70,100	— 50	70,150	76,150
Coastal Louisiana			295,650	----	295,450	283,950
Total Louisiana	360,000	401,800	365,750	— 50	365,600	360,100
Arkansas	80,000	80,317	80,200	— 100	80,700	79,650
Mississippi	53,000		52,200	+ 700	51,900	41,500
Alabama	300		250	----	250	50
Florida	----		15	----	----	50
Illinois	198,000		191,250	+ 9,300	195,450	216,450
Indiana	12,000		10,350	+ 50	11,350	13,600
Eastern— (Not incl. Ill., Ind., Ky.)	68,200		63,850	— 2,950	62,900	69,000
Kentucky	32,000		14,600	+ 400	21,500	22,400
Michigan	47,000		51,050	+ 950	48,550	50,950
Wyoming	100,000		105,300	— 300	103,300	91,350
Montana	23,000		20,550	— 100	20,650	20,800
Colorado	9,500		10,000	+ 100	10,100	8,200
New Mexico	105,000	105,000	103,850	----	103,900	112,850
Total East of Calif	3,886,000		3,874,015	+ 12,600	3,864,150	3,555,250
California	907,350	§907,350	908,100	— 4,400	908,150	829,500
Total United States	4,793,350		4,782,115	+ 8,200	4,772,300	4,384,750

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. March 22, 1945.

‡This is the net basic allowable as of March 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire state was ordered shut down for 6 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MARCH 24, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a —Bureau of Mines basis—

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
East Coast	99.5	713	90.1	2,017	5,285	5,618	6,903	6,935
Appalachian—								
District No. 1	76.8	100	68.5	301	373	248	1,241	1,248
District No. 2	81.2	56	112.0	154	120	163	616	866
Ind., Ill., Ky.	87.2	779	90.9	2,920	3,351	1,846	6,778	17,461
Okla., Kans., Mo.	78.3	384	81.9	1,442	1,691	1,188	1,816	8,056
Inland Texas	59.8	233	70.8	967	335	599	1,279	1,806
Texas Gulf Coast	89.3	1,087	87.9	3,409	5,038	6,315	11,021	5,405
Louisiana Gulf Coast	96.8	284	109.2	752	1,903	1,502	2,413	2,627
No. La. & Arkansas	55.9	69	54.8	191	707	284	937	2,063
Rocky Mountain—								
District No. 3	17.1	10	76.9	31	15	30	20	65
District No. 4	72.1	120	75.5	429	349	590	466	2,042
California	85.5	907	91.2	2,294	7,615	24,944	12,035	4,913
Total U. S. B. of M. basis March 24, 1945	85.5	4,742	87.3	14,907	26,782	43,327	*45,525	53,487
Total U. S. B. of M. basis March 17, 1945	85.5	4,773	87.9	14,481	26,483	43,718	45,471	53,411
U. S. Bur. of Mines basis March 25, 1944		4,466		13,221	30,925	52,475	35,189	50,394

*Includes aviation, military, solvents and naphthas, and gasoline blending stocks currently indeterminate as to ultimate use, and 11,748,000 barrels of unfinished gasoline this week, compared with 11,992,000 barrels a year ago. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,732,000 barrels of kerosine, 4,448,000 barrels of gas oil and distillate fuel oil and 9,166,000 barrels of residual fuel oil produced during the week ended March 24, 1945, which compares with 1,652,000 barrels, 4,527,000 barrels and 9,042,000 barrels, respectively, in the preceding week and 1,472,000 barrels, 4,785,000 barrels and 9,195,000 barrels, respectively, in the week ended March 25, 1944.

Note—Stocks of kerosine at March 24, 1945 amounted to 6,859,000 barrels, as against 6,852,000 barrels a week earlier and 6,476,000 barrels a year ago.

Weekly Coal and Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended March 24, 1945, is estimated at 11,820,000 net tons, a decrease of 105,000 tons from the preceding week, and 134,000 tons less than in the corresponding week in 1944. For the calendar year to March 24, 1945 soft coal output total 139,855,000 net tons, a decrease of 7.6% when compared with the 151,291,000 tons produced in the calendar year to March 25, 1944.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended March 24, 1945, is estimated at 1,203,000 tons, a decrease of 11,000 tons (0.9%) from the preceding week. When compared with the output in the corresponding week of 1944, there was a decrease of 20,000 tons, or 1.6%. The calendar year to date shows a decrease of 17.5% when compared with the same period of 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended March 24, 1945, showed an increase of 7,400 tons when compared with the output for the week ended March 17, 1945; but was 10,600 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	Mar. 24, 1945	*Mar. 17, 1945	Mar. 25, 1944	†Mar. 24, 1945	Mar. 25, 1944
Total including mine fuel	11,820,000	11,925,000	11,954,000	139,855,000	151,291,000
Daily average	1,970,000	1,988,000	1,992,000	1,953,000	2,081,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡Mar. 24, 1945	§Mar. 17, 1945	Mar. 25, 1944	Mar. 24, 1945	Mar. 25, 1944	Mar. 27, 1937
*Total incl. coll. fuel	1,203,000	1,214,000	1,223,000	12,696,000	15,398,000	12,140,000
†Commercial produc.	1,155,000	1,165,000	1,174,000	12,188,000	14,782,000	11,533,000
Beehive coke—						
United States total	134,600	127,200	145,200	1,357,600	1,884,200	891,800

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State or of final annual returns from the operators.)

	Week Ended		
State—	Mar. 17, 1945	Mar. 10, 1945	Mar. 18, 1944
Alabama	364,000	373,000	383,000
Alaska	7,000	7,000	10,000
Arkansas and Oklahoma	91,000	83,000	83,000
Colorado	160,000	164,000	174,000
Georgia and North Carolina	*	1,000	*
Illinois	1,512,000	1,482,000	1,535,000
Indiana	565,000	482,000	542,000
Iowa	59,000	54,000	58,000
Kansas and Missouri	147,000	150,000	153,000
Kentucky—Eastern	972,000	880,000	928,000
Kentucky—Western	342,000	302,000	341,000
Maryland	35,000	35,000	40,000
Michigan	4,000	3,000	2,000
Montana (bitum. & lignite)	102,000	107,000	78,000
New Mexico	34,000	34,000	40,000
North & South Dakota (lignite)	40,000	56,000	52,000
Ohio	656,000	478,000	647,000
Pennsylvania (bituminous)	2,866,000	2,420,000	2,914,000
Tennessee	135,000	130,000	157,000
Texas (bituminous & lignite)	2,000	2,000	3,000
Utah	130,000	134,000	139,000
Virginia	366,000	343,000	392,000
Washington	30,000	32,000	26,000
†West Virginia—Southern	2,070,000	2,052,000	2,197,000
‡West Virginia—Northern	1,038,000	883,000	985,000
Wyoming	198,000	198,000	193,000
§Other Western States	*	*	*
Total bituminous & lignite	11,925,000	10,885,000	12,072,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Non-Ferrous Metals—Zinc Consumers Ask for Large Tonnage for April—Quicksilver Lower

"E. & M. J. Metal and Mineral Markets," in its issue of March 29, states: "With the war in Europe entering into its final stage, producers of non-ferrous metals are deeply concerned over the probable trend of business in the summer period. Current business continued at a high level and consumption for war purposes is expected to be maintained at a record rate for another month or two. However, there was some uncertainty about June forward business. Zinc consumers asked WPB for fairly large tonnages of zinc for April delivery. Requests for Special High Grade and Prime Western zinc had to be cut down, owing to the tight supply situation in these grades. Lead was quiet. Quicksilver for spot delivery was lower in price, reflecting recent unsettlement in forward metal." The publication further went on to say in part as follows:

Copper

A report to the effect that Great Britain has arranged to sell 85,000 tons of copper to France for delivery this year atracted wide interest. The deal is believed to be part of a commercial agreement in which foreign exchange plays an important part. In prewar times, France purchased substantial tonnages of copper from producers in this hemisphere. Early this year France obtained about 7,000 tons of copper from the United States, all of which was shipped under the war program.

The fabricating division of the copper industry consumed 165,387 tons of copper during February, a new monthly high. This compares with 153,904 tons in January and 131,855 tons in February last year. The previous record month was April 1944, when consumption, as measured by the figures compiled by the fabricators, reached 160,691 tons.

Lead

Though some factors in the industry still look for continued action by WPB in reference to the lead regulations, most observers believe that little of a disturbing nature is likely to occur under present conditions. Consumers will get about 21,500 tons of foreign lead during April, which means that the stockpile is being reduced.

Sales of lead during the last week were on the light side, amounting to 3,411 tons.

Lead-refinery statistics for February showed another moderate increase in stocks, the total on hand at domestic refineries at the end of the month amounting to 30,141 tons, against 27,738 tons a month previous and 19,536 tons on Dec. 31, 1944, the American Bureau of Metal Statistics reports.

Domestic shipments of refined lead in February amounted to 44,213 tons, against 40,887 tons in January.

Output of the refineries in February was on a reduced scale, but the decline in volume to 46,616 tons would have been greater except for a gain in production from secondary and foreign material.

The January and February refined-lead statistics, in tons, follow:

	Jan.	Feb.
Stock at beginning	19,536	27,738
Production:		
Domestic	45,463	38,699
Secondary and foreign	3,636	7,917
Totals	49,099	46,616
Shipments	40,887	44,213
Stock at end	27,738	30,141

Included in stocks of refined lead at the end of February were 5,664 tons of antimonial lead, which compares with 4,866 tons at the end of January.

Zinc

Allocation certificates for April zinc were released by WPB during the last week and producers believe that the tonnage called for will average close to that shipped in recent months. Some requests for Special High Grade and Prime Western were cut back.

Consumption of slab zinc in January amounted to 86,228 tons, against 73,642 tons in December and 70,630 tons in January last year, according to the Bureau of Mines.

Tin

The inventory of tin in the hands of Metals Reserve Co. on Oct. 31, 1944, was valued at $91,989,736 (at market value), according to report made public by Charles B. Henderson, President of the RFC subsidiary. The market value of "Grade A" tin being 52¢ a pound, the trade lost no time in calculating that the stockpile contained roughly 88,450 short tons of tin. It was also revealed that the stockpile of tin stands at 83% of the objective set by WPB. The value covers tin stored as metal and contained in concentrate.

The market situation remains unchanged. Straits quality tin continued at 52¢, spot, with forward material nominally as follows:

	April	May	June
March 22	52.000	52.000	52.000
March 23	52.000	52.000	52.000
March 24	52.000	52.000	52.000
March 26	52.000	52.000	52.000
March 27	52.000	52.000	52.000
March 28	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125¢ per pound.

Quicksilver

Trade authorities believe that the market for quicksilver is passing through a rather "sensitive" period, which accounts for unsettlement in prices. Some producers on the Coast are maintaining prices, because of what they regard as a strong possibility that buying in volume for the enlarged battery program will set in soon. Others are nervous over freer offerings of Spanish metal on the basis of $152 per flask, New York, duty paid. The result last week was that prices here covered a range of $160 to $165 per flask, depending on quantity.

MRC's inventory of quicksilver on Oct. 31, 1944, was valued at $6,049,450, based on market values as of that date, it was stated officially. Metal was quoted in New York at $113 as October ended.

Prices ranged from $150 to $155 per flask, Pacific Coast basis, depending on month of shipment. Nearby metal tight.

Silver

The London market for silver was quiet and unchanged at 25½d. The New York Official for foreign silver continued at 44¾¢, with domestic metal at 70⅝¢.

Revenue Freight Car Loadings During Week Ended March 24, 1945 Increased 269 Cars

Loading of revenue freight for the week ended March 24, 1945 totaled 816,058 cars, the Association of American Railroads announced on March 29. This was an increase above the corresponding week of 1944 of 38,480 cars, or 4.9% and an increase above the same week in 1943 of 28,718 cars, or 3.6%.

Loading of revenue freight for the week of March 24, increased 269 cars, or 0.03% above the preceding week.

Miscellaneous freight loading totaled 404,875 cars, a decrease of 177 cars below the preceding week, but an increase of 32,129 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 110,214 cars, an increase of 1,834 cars above the preceding week and an increase of 3,498 cars above the corresponding week in 1944.

Coal loading amounted to 167,063 cars, a decrease of 2,507 cars below the preceding week, and a decrease of 955 cars below the corresponding week in 1944.

Grain and grain products loading totaled 45,822 cars, an increase of 1,755 cars above the preceding week and an increase of 2,561 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of March 24, totaled 29,889 cars, an increase of 1,067 cars above the preceding week and an increase of 1,024 cars above the corresponding week in 1944.

Livestock loading amounted to 15,668 cars, an increase of 1,333 cars above the preceding week and an increase 1,177 cars above the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of March 24, totaled 11,995 cars, an increase of 1,120 cars above the preceding week, and an increase of 1,408 cars above the corresponding week in 1944.

Forest products loading totaled 39,604 cars, a decrease of 2,301 cars below the preceding week and a decrease of 3,984 cars below the corresponding week in 1944.

Ore loading amounted to 17,877 cars, an increase of 797 cars above the preceding week and an increase of 3,385 cars above the corresponding week in 1944.

Coke loading amounted to 14,935 cars, a decrease of 465 cars below the preceding week, but an increase of 669 cars above the corresponding week in 1944.

All districts reported increases compared with the corresponding week in 1944 except the Pocahontas and Northwestern. All districts reported increases compared with 1943 except the Pocahontas.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
Week of March 3	785,264	786,893	748,926
Week of March 10	766,290	780,265	769,045
Week of March 17	815,789	785,195	768,134
Week of March 24	816,058	777,578	787,340
Total	9,234,642	9,442,747	9,039,808

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended March 24, 1945. During this period 82 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED MARCH 24

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	278	242	260	1,712	1,510
Bangor & Aroostook	3,200	2,721	2,633	607	210
Boston & Maine	7,213	6,966	6,273	17,210	16,798
Chicago, Indianapolis & Louisville	1,121	1,423	1,514	2,346	2,076
Central Indiana	36	37	31	42	37
Central Vermont	1,120	1,079	1,402	2,492	2,801
Delaware & Hudson	5,053	4,896	6,331	15,899	13,291
Delaware, Lackawanna & Western	7,456	7,474	7,568	12,675	11,418
Detroit & Mackinac	165	248	230	178	100
Detroit, Toledo & Ironton	2,036	2,043	1,890	1,544	1,432
Detroit & Toledo Shore Line	415	332	347	4,371	3,210
Erie	13,469	13,204	13,181	19,251	18,755
Grand Trunk Western	4,218	3,885	3,495	10,366	9,456
Lehigh & Hudson River	167	164	159	4,602	3,522
Lehigh & New England	2,082	1,864	2,140	1,542	1,519
Lehigh Valley	7,950	8,475	7,068	12,213	16,907
Maine Central	2,494	2,420	2,506	4,765	4,699
Monongahela	5,957	6,351	7,052	362	432
Montour	2,218	2,503	2,620	25	18
New York Central Lines	49,094	47,315	51,932	56,425	56,368
N. Y., N. H. & Hartford	11,066	10,281	10,460	20,782	20,472
New York, Ontario & Western	1,025	1,235	986	3,552	3,305
New York, Chicago & St. Louis	6,763	6,387	6,659	17,437	17,247
N. Y., Susquehanna & Western	520	518	371	2,789	2,968
Pittsburgh & Lake Erie	8,263	7,875	8,188	8,271	8,335
Pere Marquette	5,446	4,826	4,681	9,907	8,443
Pittsburg & Shawmut	614	818	832	12	20
Pittsburg, Shawmut & North	285	319	340	236	281
Pittsburgh & West Virginia	920	957	709	3,869	2,871
Rutland	364	378	355	1,100	1,366
Wabash	6,142	5,795	5,660	13,767	12,076
Wheeling & Lake Erie	6,655	4,935	5,004	5,665	4,485
Total	163,805	157,966	162,877	256,014	246,428
Allegheny District—					
Akron, Canton & Youngstown	830	688	773	1,668	1,361
Baltimore & Ohio	45,072	40,557	41,572	31,662	29,175
Bessemer & Lake Erie	3,022	2,882	3,268	1,784	1,596
Buffalo Creek & Gauley	†	†	331	†	†
Cambria & Indiana	1,640	1,542	1,879	12	13
Central R. R. of New Jersey	6,411	6,464	7,209	22,695	22,070
Cornwall	490	596	590	65	66
Cumberland & Pennsylvania	212	211	302	7	10
Ligonier Valley	103	119	137	36	42
Long Island	1,500	1,237	1,090	4,795	3,815
Penn-Reading Seashore Lines	2,037	1,662	1,667	2,516	2,590
Pennsylvania System	81,758	76,961	78,754	66,987	66,540
Reading Co.	15,413	14,405	15,327	33,934	30,408
Union (Pittsburgh)	19,206	19,621	21,578	4,857	4,034
Western Maryland	4,188	4,022	4,259	15,548	13,671
Total	181,882	170,967	178,736	186,566	175,391
Pocahontas District—					
Chesapeake & Ohio	28,198	28,605	29,809	13,974	13,180
Norfolk & Western	21,665	21,789	22,721	9,822	7,929
Virginian	4,441	4,480	4,904	3,503	2,274
Total	54,304	54,874	57,434	27,299	23,383
Southern District—					
Alabama, Tennessee & Northern	400	331	298	425	444
Atl. & W. P.—W. R. R. of Ala	955	778	752	2,542	2,467
Atlanta, Birmingham & Coast	983	664	680	1,658	1,525
Atlantic Coast Line	14,030	13,523	15,401	13,336	11,278
Central of Georgia	3,958	3,731	3,883	5,993	5,010
Charleston & Western Carolina	471	362	376	1,546	1,985
Clinchfield	1,713	1,555	1,648	3,591	3,463
Columbus & Greenville	287	215	327	240	228
Durham & Southern	115	112	118	612	724
Florida East Coast	3,914	4,213	2,650	1,683	2,230
Gainesville Midland	42	33	38	163	123
Georgia	1,232	1,229	1,349	2,528	2,697
Georgia & Florida	388	340	370	861	777
Gulf, Mobile & Ohio	4,563	3,975	3,471	4,391	4,450
Illinois Central System	28,753	27,143	26,268	18,699	17,389
Louisville & Nashville	26,410	24,149	25,231	12,688	12,165
Macon, Dublin & Savannah	212	124	155	1,001	1,077
Mississippi Central	414	259	220	493	845
Nashville, Chattanooga & St. L.	3,546	3,297	3,135	4,999	4,754
Norfolk Southern	1,080	966	1,223	1,836	1,796
Piedmont Northern	455	376	335	1,359	1,474
Richmond, Fred. & Potomac	495	341	354	12,793	11,755
Seaboard Air Line	11,835	10,340	10,325	9,620	9,781
Southern System	24,955	23,040	22,059	28,308	25,649
Tennessee Central	630	810	612	810	799
Winston-Salem Southbound	146	145	108	1,448	1,074
Total	131,982	122,051	121,386	133,623	125,959
Northwestern District—					
Chicago & North Western	16,309	15,006	14,338	15,301	14,749
Chicago Great Western	2,621	2,642	2,373	3,859	3,356
Chicago, Milw., St. P. & Pac.	21,476	20,132	19,782	11,106	10,963
Chicago, St. Paul, Minn. & Omaha	3,620	3,151	3,146	4,440	4,501
Duluth, Missabe & Iron Range	1,025	1,213	1,153	263	260
Duluth, South Shore & Atlantic	495	763	804	584	541
Elgin, Joliet & Eastern	9,236	8,554	9,182	13,663	12,251
Ft. Dodge, Des Moines & South	445	375	378	107	121
Great Northern	11,026	12,466	11,574	6,221	5,431
Green Bay & Western	520	519	435	1,013	937
Lake Superior & Ishpeming	295	323	198	55	73
Minneapolis & St. Louis	2,082	2,062	1,936	3,133	2,595
Minn., St. Paul & S. S. M.	4,475	5,099	4,427	3,161	3,986
Northern Pacific	8,808	10,063	9,350	5,370	5,693
Spokane International	219	101	71	632	583
Spokane, Portland & Seattle	1,881	2,532	2,062	4,113	4,123
Total	84,533	85,001	81,209	73,021	70,163
Central Western District—					
Atch., Top. & Santa Fe System	24,724	21,580	21,291	15,003	12,382
Alton	3,676	2,831	2,988	4,677	4,462
Bingham & Garfield	490	459	683	63	83
Chicago, Burlington & Quincy	20,675	18,354	19,042	13,151	12,787
Chicago & Illinois Midland	2,877	3,064	3,206	895	928
Chicago, Rock Island & Pacific	12,477	10,695	12,243	14,523	13,371
Chicago & Eastern Illinois	2,831	2,687	2,377	4,732	6,242
Colorado & Southern	710	647	770	2,282	2,386
Denver & Rio Grande Western	3,516	3,255	3,365	6,942	5,935
Denver & Salt Lake	523	672	749	54	20
Fort Worth & Denver City	829	836	1,100	1,564	1,667
Illinois Terminal	*2,478	2,119	1,968	*2,140	2,171
Missouri-Illinois	928	958	960	703	578
Nevada Northern	1,112	1,860	2,108	90	116
North Western Pacific	623	757	992	864	726
Peoria & Pekin Union	11	9	25	0	0
Southern Pacific (Pacific)	27,525	29,362	27,270	15,511	14,637
Toledo, Peoria & Western	290	381	210	2,411	2,075
Union Pacific System	16,520	14,596	13,898	17,118	16,266
Utah	536	589	595	1	6
Western Pacific	2,004	2,250	1,850	5,321	4,055
Total	125,355	117,961	117,690	108,045	100,893
Southwestern District—					
Burlington-Rock Island	379	481	877	347	229
Gulf Coast Lines	7,346	7,445	5,097	2,722	2,336
International-Great Northern	3,086	1,844	2,095	4,043	4,059
Kansas, Oklahoma & Gulf	281	295	216	1,245	1,101
Kansas City Southern	5,463	5,511	4,472	3,367	2,921
Louisiana & Arkansas	3,490	2,860	2,935	2,643	2,235
Litchfield & Madison	355	313	310	1,259	1,219
Midland Valley	667	607	673	523	457
Missouri & Arkansas	130	188	115	432	527
Missouri-Kansas-Texas Lines	6,787	5,135	5,837	5,019	4,767
Missouri Pacific	16,153	15,604	16,623	20,514	20,000
Quanah Acme & Pacific	106	95	88	322	264
St. Louis-San Francisco	9,672	7,515	8,855	8,792	8,804
St. Louis Southwestern	3,720	3,049	2,939	8,014	7,234
Texas & New Orleans	11,072	12,227	12,803	5,804	5,701
Texas & Pacific	5,364	5,483	3,939	8,311	7,760
Wichita Falls & Southern	83	81	108	46	49
Weatherford M. W. & N. W.	43	25	26	23	30
Total	74,197	68,758	68,008	73,426	69,693

*Previous week's figure. †Included in Baltimore & Ohio RR.
Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
January 6	189,769	125,882	532,194	80	80
January 13	149,921	150,011	524,308	95	87
January 20	131,901	150,876	503,240	94	89
January 27	159,885	152,075	510,931	95	91
February 3	204,550	148,139	565,064	92	91
February 10	149,590	151,307	560,960	93	92
February 17	145,541	149,816	553,609	93	92
February 24	131,989	152,755	529,238	97	93
March 3	181,377	150,486	558,285	96	93
March 10	177,711	152,611	580,804	94	93
March 17	129,948	153,625	557,986	95	93
March 24	137,911	158,551	537,005	99	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Retiring War Money

The yellow seal dollar and the Hawaiian dollar, the two forms of money that have played a direct role in the war, are being retired as quickly as possible, the U. S. Treasury announced on March 31.

Although all of the Hawaiian dollars are not yet back in the Treasury's hands, banks have been asked not to circulate any that may come into their possession. The yellow seal dollars, which were used in the invasion of North Africa, are virtually all retired.

Advices from the N. Y. "Times" Washington bureau on March 30 further said:

Both monetary units are regular currency and are exchangeable for greenbacks. The Treasury's practice is to withdraw these dollars from circulation gradually by replacing them with regular currency.

The yellow-seal dollar, which is a regular silver certificate of the United States, with a substitution of yellow for blue ink in the printing of the seal, was devised by the Treasury as a means of distinguishing this currency from ordinary bills in circulation in North Africa, and of separating it in case we were driven from the area.

The Hawaiian dollar is a regular certificate, except that it has the word Hawaii over-printed in large letters. All regular dollar currency in Hawaii was exchanged by the Treasury for Hawaiian dollars, thereby preventing the enemy from profiting by the use of our money in case they followed up their attack on Pearl Harbor with an invasion of Haiwaii.

Mail Service to Luzon

Postmaster Albert Goldman made public on March 27 the following announcement issued by Postmaster General Frank C. Walker that restricted mail service with the Island of Luzon in the Philippines was resumed March 25.

Only first class mail for dispatch by surface means will be accepted. Registry service is available.

The domestic first class rate of postage, three cents an ounce, and the domestic registry fees, registry surcharges and limits of indemnity when the matter is registered, will apply. The indemnity conditions which will govern will be those in force prior to the suspension of registry service with the Philippine Islands.

No letter packet may be sent which exceeds 11 pounds in weight, or 18 inches in length, or 42 inches in length and girth combined. For the present, not more than one letter packet per week from the same sender to the same addressee will be accepted.

Previously, limited service was announced with the Islands of Leyte, Samar and Mindoro.

Lumber Movement—Week Ended March 24, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 473 mills reporting to the National Lumber Trade Barometer were 6.2% above production for the week March 24, 1945. In the same week new orders of these mills were 36.5% more than production. Unfilled order files of the reporting mills amounted to 109% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 34 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 9.2%; orders by 16.6%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 14.5% greater; shipments were 10.8% greater; and orders were 42.9% greater.

Items About Banks, Trust Companies

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908, compared, respectively, with $1,104,705,889 and $1,170,340,024 as of Dec 31, 1944. Cash on hand and due from banks amounted to $241,276,558, against $229,027,821; holdings of United States Government obligations $550,298,549, against $550,257,723. Loans and discounts decreased to $292,019,726 from $345,132,608. Capital and surplus remained unchanged at $20,000,000, respectively. Undivided profits after reserve of $500,000 for quarterly dividend increased to $12,964,119 from $12,408,282 at the end of December.

In its statement of condition as of March 31, 1945, J. P. Morgan & Co., New York, reported total assets at $764,341,246 and total deposits to be $700,765,086, compared, respectively, with $816,596,609 and $756,594,777 as of Dec. 31, 1944. Cash on hand and due from banks stood at $126,849,180, against $128,580,742 three months ago; U. S. Government bonds $507,707,209, compared with $535,055,436. Loans and bills purchased decreased from $116,959,509 at the end of the year to $88,592,488, while capital and surplus remained unchanged at $20,000,000 each, and undivided profits increased to $4,846,545 from $4,429,102 in this current report.

The Federation Bank & Trust Company of New York reported as of March 31, 1945, deposits of $28,435,113 and total resources of $31,683,205, against $29,606,511 and $32,730,769, respectively, as of Dec. 30, 1944. Cash on hand and due from banks amounted to $6,702,036, against $7,916,540. Holdings of United States Government securities totaled $12,536,991, against $12,473,660. Loans and discounts were $9,252,805, against $8,378,707. Capital and surplus were unchanged at $1,000,000 and $1,200,000, respectively, and undivided profits were $446,077, against $415,026.

The Corn Exchange Bank Trust Co. of New York reported in its statement of condition as of March 31, 1945, total assets of $730,329,276, compared with $718,781,202 and total deposits and other liabilities of $691,714,211, against $680,602,630 on Dec. 31, 1944. Holdings of U. S. Government bonds were $509,747,241 as of March 31, against $491,375,697 three months ago, and loans and discounts stood at $32,491,571, compared with $38,719,585 at the end of 1944. Capital remained unchanged at $15,000,000 while surplus and undivided profits increased from $23,178,571 on Dec. 31 to $23,615,066 on March 31.

The Continental Bank & Trust Company of New York reported as of March 31, 1945, total deposits of $162,679,318 and total assets of $174,600,879, compared, respectively, with $166,225,371 and $177,278,424 on Dec. 31, 1944. Cash on hand and due from banks amounted to $35,072,409, against $34,798,793; holdings of U. S. Government obligations to $64,995,210, against $61,376,347; loans and discounts to $54,825,574, against $62,766,460. Capital was unchanged at $4,000,000; and surplus remained at $4,500,000. Undivided profits were $1,408,770, against $1,289,436 at the end of last year.

The statement of condition of Manufacturers Trust Company as of March 31, 1945, shows deposits of $1,845,217,647 and resources of $1,957,824,482, which compare with $1,991,382,142 and $2,100,298,087 shown on Dec. 31, 1944. On March 31, 1944, the respective figures were $1,562,527,324 and $1,665,581,402.

Cash and due from banks is listed at $378,712,247 as against $445,668,127 shown on Dec. 31 and $372,935.412 shown a year ago. United States Government Securities stand at $1,149,132,013; three months ago they were $1,205,104,026 and one year ago they were $864,450,080. Loans, bills purchased and bankers' acceptances are now $340,326,892 which compare with $367,338,389 on Dec. 31 and $335,440,682 on March 31 of last year.

Preferred stock is shown as $7,712,300, common as $32,998,440, surplus as $33,000,000 and undivided profits as $20,384,160. As a result of the redemption of 14,881 shares of its preferred stock on March 28, as required under its preferred stock indenture, capital account was reduced by $297,620, representing the aggregate par value for such shares, and undivided profits account was reduced by approximately $452,380, representing the amount in excess of the par value of the shares redeemed at $50 per share, plus the accumulated dividend of 40 cents per share.

Net operating earnings for the three months ending March 31, 1945, after amortization, taxes, etc., as well as dividends on preferred stock, were $2,057,490, or $1.25 a share, which compares with 99 cents a share for the three months ending March 31, 1944. Of this amount, $824,959 was paid in dividends on the common stock, and $1,232,531 was credited to undivided profits.

Mr. John E. Bierwirth, President of the New York Trust Company of New York, announced the appointment of Edward S. Peterson as Treasurer.

Mr. Peterson started his banking career with the Bank of America at San Francisco, Cal., in 1925; he was later employed by the City Bank Farmers Trust Company of New York, and joined the Investment Division of the New York Trust Company in 1937, being appointed an Assistant Secretary in October, 1943.

Percy H. Johnston, Chairman of the Chemical Bank & Trust Company, announced the addition of two new members to the Quarter Century Club of the bank. They are Frank K. Houston, President, and N. Baxter Jackson, First Vice-President, both of whom joined the bank on April 1, 1920.

Mr. Raymond G. Forbes, Vice-President and Treasurer of the New York Trust Company, New York, retired April 2, after 42 years of experience in banking with the Bankers Trust Company of New York and the Liberty National Bank of New York, which merged with the New York Trust Company in 1921. He has filled official positions in these institutions during the last 28 years, becoming Treasurer of the latter company in 1930 and Vice-President and Treasurer in 1941, with particular responsibility for banking and accounting operations.

Directors of Clinton Trust Company of New York on March 27 declared a regular quarterly dividend of 50 cents per share payable April 2 to stockholders of record March 28. This is an increase of 15 cents over 1944 quarterly payments.

Filling an unexpired term ending Dec. 31, 1945, John W. Cadman on March 16 was appointed Director at Large of the Federal Home Loan Bank of New York. Mr. Cadman is President of the Homestead Savings and Loan Association, Buffalo, N. Y.

Associated Press Washington advices of March 16 also said: The FHLB constitutes a credit reserve for 360 members in New York and New Jersey.

Fred G. Wolff, Vice-President, on March 28 was elected President of the Peoples Industrial Bank, New York. Mr. Wolff, who has been with the bank since 1932, succeeds the former President Arthur G. Frank, who was recently elected to the newly created position of Chairman of the Board. Mr. Frank had been President of the institution for 24 years.

Oliver W. Birkhead has recently been elected Vice-President of the Empire Trust Co., New York. "Mr. Birkhead," states the Journal of Commerce on March 28, "is President of the Peoples National Bank & Trust Co., of White Plains, N. Y.

At a meeting of the Board of Directors of the Bankers Trust Company, New York, held April 3, George S. Schroth was elected an Assistant Treasurer. Mr. Schroth has been connected with the Note Tellers' Department at Bankers Trust Company since 1931.

Fulton Trust Company of New York reports total deposits of $38,553,578 and total assets of $44,011,815 in its statement of March 31, 1945, as compared with deposits of $39,048,538 and total assets of $44,462,755 on Dec. 30, 1944.

Cash, U. S. Government securities and demand loans secured by collateral amounted to $40,530,551, as compared with $40,937,297 on Dec. 30 last.

Capital and surplus showed no change in total at $4,000,000 but undivided profits increased to $1,139,035 after dividend payable April 2, 1945, as against $1,116,470 shown on Dec. 30, 1944.

Statement of condition of Sterling National Bank & Trust Company of New York City on March 31, 1945 shows resources of $131,960,321, as compared with $127,864,980 on Dec. 31, 1944. Deposits were $115,661,803, as compared with $121,374,164. Of the March total deposits, U. S. Government deposits totaled $12,090,729, as compared with $19,816,051 on Dec. 31 last; commercial and other deposits reached an all-time high of $103,571,074, as compared with $101,558,112. Capital, surplus and undivided profits totaled $5,085,242, a new high as against $5,070,626 on Dec. 31.

Cash and due from banks amounted to $26,925,619 on March 31, 1945, against $29,433,333 on Dec. 31 last; U. S. Government securities were $75,471,896, a new high as compared with $64,479,579; State, municipal and corporate securities amounted to $1,351,605, compared with $1,568,763; loans and discounts were $27,388,324, against $31,168,980 on Dec. 31. Stock in Federal Reserve Bank was unchanged at $142,500 and surplus was unchanged at $3,250,000. Reserves were $725,173, as compared with $620,832 on Dec. 31.

Philip Kunzinger Jr., an Assistant Secretary of Booklyn Trust Company and for many years Regional Officer in charge of the company's offices in the Bay Ridge region, died on April 3.

Mr. Kunzinger was born in Brooklyn in 1892 and was first employed by the Mechanics Bank of Brooklyn, which was later merged with Brooklyn Trust Company, in 1908. His headquarters had been at the Fourth Avenue office, Fourth Avenue and 51st Street, and he had been a resident of the Bay Ridge region for many years. He was a member and a trustee of the Roman Catholic Church of Our Lady of Angels and a member of Thomas Dongan Council No. 1251, Knights of Columbus. He was Treasurer and a Director of the 12:30 Club of Bay Ridge, and a member of the Bankers Club of Brooklyn. Funeral services will be announced later.

Judge Edward A. Richards, President of the East New York Savings Bank, Brooklyn, N. Y., announced an Easter gift of $60,000 to 3,250 small-home owners. "Herald Tribune" advices of April 1, reported:

Beginning Easter Sunday (April 1) the interest payment on home mortgages, held by the bank, will be cut one-half of 1%—from 5% to 4½%.

The lower rate is granted only on homes and will not apply to apartment houses and other types of property on which the bank holds mortgage.

William Gordon Smith, Assistant Controller of the Brooklyn Savings Bank, Brooklyn, N. Y., and former President of the Savings Bank Officers Ass'n Group V, died on March 27 at 51 years of age. Mr. Smith was connected with many civic organizations as pointed out by the New York "Times" of March 29.

The County Trust Company, White Plains, N. Y., has added $533,662.92 during the last 12 months to its capital funds, which now total $2,704,457.33, according to the current statement.

Andrew Wilson, Jr., the President of the institution, states that $393,350 of this amount represents the proceeds of the recent sale of stock and $138,202.91 was added out of earnings during the period. The difference came from other sources.

Stockholders received a dividend of 25¢ a share on the new stock for the first quarter of 1945. If continued, this rate of payment would place the new stock on a dollar annual basis, equivalent to a $2.50 rate on the former shares.

In his letter to stockholders, the President reported operating results for the first quarter's business as "encouraging in view of general conditions."

The current statement shows deposits of $40,766,558, compared with $34,076,162 a year ago and total assets of $43,859,521, as compared with $36,552,130 at this time last year.

Charles H. Wendell, President of the Farmers and Merchants Savings Bank, Lockport, N. Y., died on March 28 at 79 years of age. The New York "Times," in reporting this, said: Mr. Wendell has been connected with the Lockport bank since 1889, and has been President since 1928.

On April 4, Dwight E. Dean, President of the National Iron Bank, Falls Village, Conn., celebrated his 80th year of continuous service with the bank. Mr. Dean, who is now 96, became connected with the bank on April 4, 1865.

The New York "Herald Tribune" in reporting this also said:

He is believed by his staff to be the oldest active banker in the country, and possibly in the world.

Roy A. Hitchings, President of the Irvington National Bank, Irvington, N. J., has recently been elected to fill the unexpired term of the late Charles A. Hassler as a member of the Board of Governors of the Essex County Chapter of the American Institute of Banking. Advices from the Newark "News" of March 26 said:

Mr. Hitchings is also President of the Essex County Bankers Association.

The statement of the Philadelphia National Bank for the quarter ended March 31, 1945, shows deposits on that date of $695.455,654, which compares with $715,366,516 on Dec. 30, 1944.

Total resources amounted to $755,032,419, compared with $774,126,070 at the end of December; cash and due from banks aggregated $188,940,990, compared with $179,670,195; U. S. Government securities $443,608,501, compared with $471,028,479; state, county and municipal securities were $14,327,793, against $10,547,043; other securities $33,824,566, as compared with $29,499,884; loans and discounts $69.244,944, compared with $78,800,075.

The capital and surplus of the bank on March 31, 1945, were both unchanged at $14,000,000 and $28,000,000, respectively. Undivided profits are shown as $10,437,784 and compare with $9,958,269 on Dec. 30.

The General Motors Corp. announced on April 2 its intention to dispose of its 510,000 shares of common stock of the National Bank of Detroit. At the same time the stockholders of the bank approved the issuance of $10,000,000 worth of additional common stock, it was announced by the bank's Chairman, Walter S. McLucas.

Detroit advices of April 2, to the Associated Press, also said:

"When the bank was organized following the bank holiday in Detroit in 1933, General Motors Corp. subscribed $12,500,000 for all the bank's common stock. The Reconstruction Finance Corp. at the same time subscribed to its $12,500,000 of preferred shares, of which it still holds $8,500,000.

"Sales of common stock since the bank's formation have reduced General Motors holdings to an investment of about $6,375,000, represented in the 510,000 shares.

"The new issue of $10 par value common stock of the bank will be offered to stockholders at $40 a share in the ratio of one for each four shares held."

The election of R. C. Hitchcock, Minneapolis manufacturer, as a director of the Minnehaha Nat'l Bank, Minneapolis, Minn., was announced by Lyman E. Wakefield, President of the First Nat'l Bank of Minneapolis, an affiliate of the bank, reported the Minneapolis "Journal" of Mar. 30.

The Mississippi Valley Trust Co., St. Louis, Mo., announced March 28 the promotions of Thomas J. Franey and Paul J. Harbaugh, as Assistant Secretaries.

Directors of the First National Bank, Palm Beach, Fla., have recently voted to increase the surplus of the bank by the transfer of $300,000 from undivided profits.

At a recent meeting of the stockholders of the Banco Internacional, Mexico City, Mexico, the shareholders voted to double the capital of the bank from $1,200,000 to $2,400,000.

Bill Introduced to Outlaw Royalties to Labor Unions

Royalty payments to unions such as those paid to James C. Petrillo's AFL musicians union and those sought by the United Mine Workers Union will be outlawed if the bill introduced into the House on March 28 and sponsored by Representative Miller (R., Neb.) is passed by Congress.

Associated Press Washington advices of March 28 said:

"Congress never intended that labor unions should get the green light to commit acts that would be illegal if committed by anyone else," Mr. Miller said.

"The telephone unions are now giving consideration to charging a five-cent tax or toll on every long-distance telephone call. Unions might well demand a royalty on every plane manufactured or on every radio.

"Unions in the steel industry could follow Mr. Petrillo's or John L. Lewis's example and demand royalty for the steel they produce. . . . It will take legislative action to curb the racket of Mr. Petrillo and Mr. Lewis."

Mr. Miller also introduced a bill to outlaw the closed shop and dues checkoff by making such labor practices illegal and subject to penalties.